

NLT P1-19

COPY NO. 1  
FOR THE PRESIDENT  
OF THE UNITED STATES

**SENSITIVE COPY**

*See Summary  
Division*

# TURKEY



SR-1/1

Published 22 December 1948

APPROVED FOR RELEASE

Date ~~17 FEB 1982~~

*Protect NLT P1-19*

CENTRAL INTELLIGENCE AGENCY

FRP deputies who had been most vociferous in their condemnation of the "old-guard" mentality.

A few members of the opposition Democratic Party have advocated rather more extreme measures aimed at speedy reform and, of course, the removal of the FRP from power. A split has ensued in the Democratic Party ranks, after repudiation by the party's leadership of any unconstitutional excesses. Some of these advocates of more extreme measures recently joined forces to form the new Nation Party, whose strength in the country cannot yet be assessed. It is clearly evident, however, that the great majority of the Turks fully approve President Inönü's policy of carefully avoiding extremes, while Turkey develops its democratic processes of government, in order to frustrate infiltration by subversive elements intent upon destruction of individual freedom and national independence.

A US Survey Group visited Turkey in the summer of 1947 after Congress has voted \$400 million to aid Greece and Turkey. This group recommended that the \$100 million allocated to Turkey be devoted to modernizing and training the Turkish armed forces and to alleviating the heavy financial burden of maintaining these forces.

A program to implement these recommendations, which were enthusiastically welcomed and endorsed by the government and people of Turkey, was then drawn up, and in October the first shipment of US aid material arrived in a Turkish port. In 1948 Congress voted a further \$125 million to aid Greece and Turkey; of this sum \$75 million has been tentatively allotted to the continuation of the program of improving Turkey's military defense structure.

As a participating nation in the European recovery program, Turkey may be entitled to obtaining material and equipment with the object of increasing economic production, particularly agricultural and mineral, so that Turkey may contribute to the recovery of Western Europe.\* Turkey, whose foreign trade in previous years was very largely with Western Europe, is directly interested in the economic recovery of that area, as well as in its preservation from domination by the Soviet Union.

Government plans for economic rehabilitation and resumption of the program of industrialization and development, which were necessarily suspended during the war, have been announced, but their extensive implementation must depend upon the amount of foreign exchange—especially dollars—that becomes available. Although during the war substantial gold holdings were accumulated, the government drew heavily upon them in 1947 and is reluctant to reduce them still further. Turkey's dollar requirements, needed to obtain machinery and durable goods of many kinds in the US, must be obtained through export sales to the US or countries willing to settle in convertible currency. Dollar exchange may be further provided in Foreign Cooperation Administration credits under programs to aid in the recovery of Europe, through credits from other official or private US sources, or from the International Bank for Reconstruction and Development.

There has been no appreciable lessening in Soviet pressure on Turkey. The situ-

\* It has subsequently been announced that an MCA loan of \$50 million will be made to Turkey.

## SANITIZED COPY

ation regarding revision of the Montreux Agreement of 1936 concerning the status of the Straits is at a deadlock, since the USSR has not abandoned its demands for privileges in the control and defense of this waterway. The USSR, which has also sought to annex certain strategic areas in northeastern Turkey, is—with Soviet-dominated Balkan countries—Turkey's neighbor to the west, north, and northeast, and the continuing critical situations in both Greece and Palestine are causing the Turkish Government the greatest anxiety. The fall of Greece to Soviet-Communist control would give the USSR strategic domination over the Straits.

The Turkish Government has urged the representatives of the Arab States to reach an amicable settlement with the Zionists, if only to put an end to the opportunities afforded to the USSR by the Arab-Zionist conflict for infiltration by subversive Soviet agents and the further extension of Soviet influence.

The fall of Turkey itself to Soviet domination would make the strategic communications and oil pipelines of the Near and Middle East far more vulnerable than they now are to Soviet aggression. It would also prevent the use of sites of potential usefulness as bases for striking its industrial and other vulnerable targets in the USSR. The Turks, however, are adamant in their determination to resist Soviet demands, and large forces are kept under arms because of the possibility of Soviet aggression. Despite the Turkish desire to reduce the cost of the exceedingly large and financially burdensome armed forces, and thus accelerate reconstruction and development of the national economy, Turkey's resistance to Soviet demands will not weaken. Every effort will be made by the Turkish Government to achieve programs for economic expansion and to progress further in the firm establishment of democratic processes of government, in which substantial progress has recently been made, but not at the cost of any surrender of the nation's independence. US aid to Turkey is not only providing military advantages in the form of equipment, construction, and training but is also of great psychological value to the Turks. While it falls short of a direct US military guarantee, which would certainly be eagerly welcomed, the support which is being extended by the US is regarded by the Turks as a clear indication that they are not left alone to withstand Soviet demands.

## SANITIZED COPY

similarly, less than a year after the trade and payments agreement with Italy became effective, Turkey's import deficit with that country amounted to TL 84 millions, with no prospect of settlement in hard currency.

The government now proposes negotiation of a new type of commodity-exchange agreement which would establish clearing accounts in the central banks of Turkey and other countries concerned, all payments for imports and exports to and from the respective countries would be made through these accounts. A ceiling would be established, however, limiting the debit balance either country might accumulate, and sums in excess of that amount would be "reimbursed upon demand of the credit institution" (i.e., the central bank of the creditor country) "in the free exchange chosen by it." An agreement of this type with Sweden was signed in Ankara in June 1948, providing for trade in listed commodities. The object of these proposed compensation-clearing agreements, with their accompanying commodity lists, is to promote the export of Turkish products for which markets cannot be found in hard currency countries. At the same time the sale of products acceptable to hard currency countries will be strongly encouraged. The supreme objective is the expansion of Turkey's exports to directions which will best enable the country to pay for its imports.

### a. Trade and Prospects.

Government restrictions of exports against payment in sterling will probably continue until sterling holdings are further reduced, whereupon these restrictions will be relaxed in order to establish an export-import equilibrium with sterling areas. Sales to the UK during coming months, notably of tobacco and chromeite, should lead to some improvement in Turkey's dollar position.

Accurate estimates of prospects for the 1948 crops are not yet possible. If present favorable weather conditions continue, bread-grain surpluses should be available for export, despite the fact that Turkey may be required to repay in kind the emergency grains currently being imported.

As has already been indicated, greatly increased foreign trade will depend upon the availability of foreign exchange for the purchase of capital goods needed to carry out plans for rehabilitation and development. Realization of these plans will be a slow process, no matter how favorably Turkey's requests for additional foreign financial aid may be received. Implementation of the development programs already started, and of others not yet initiated, will undoubtedly have a beneficial long-term effect upon Turkey's foreign trade.

### B. US Aid and the European Recovery Program.

#### a. Economic Advantages in Turkey of US Aid

Under the Acts of Congress providing aid to Greece and Turkey, aid amounting to \$100 million and \$75 million (tentatively) was earmarked for Turkey in 1947 and 1948 respectively. After submission of the report prepared in the summer of 1947 by a US Survey Group (consisting of representatives of the Army, Navy, Air Force, and the Department of State, and headed by Ambassador Edwin C. Wilson), it was decided

# SENSITIZED COPY

to apply the financial aid as a grant aimed at meeting Turkey's military requirements. The Turkish Government expressly indicated its wholehearted agreement with this decision, which was later applied also to the \$75 million tentatively apportioned to Turkey in 1948. A major purpose in applying the aid toward military needs was to bolster Turkish self-confidence and also to alleviate the heavy financial burden of sustaining large forces under arms in face of menacing Soviet demands. Moreover, it was expected that some of the funds thus released would be channeled into productive enterprise for the economic betterment of the country.

From the funds already provided Turkey, apart from allocations for equipment and training of the armed forces and for improving armaments, \$1,000,000 is being spent for road construction and maintenance. Much of the equipment has already been delivered, the training program is well advanced, and the Turkish Government is enthusiastically cooperating in furthering this program, which it plans to continue with US technical advice after the aid grants are exhausted. Although the roads are laid down primarily because of their military value, they will be of considerable economic advantage in moving farm, mine, and other products to their markets. As construction proceeds, and as engineers and laborers learn the techniques of operating the equipment and building and maintaining the main highways and feeder roads, the economic benefits will become progressively greater.

## *b. The Status of Turkey in European Recovery Programs.*

Turkey is one of the nations participating in the program for European recovery and has welcomed the opportunities thereby offered.\* First, the Turks hope for direct advantages through technical aid and to some extent financial assistance in the development of projects calculated to increase production and thus enable Turkey to export surpluses to other participants; second, Turkey is vitally interested not only in preserving the political independence of the European states but also in their economic recovery. A very substantial part of Turkey's prewar foreign trade was with European nations participating in the recovery plans, as the figures below indicate.

The loss of trade with Germany has brought about a reorientation of Turkey's foreign trade. Difficulties currently being encountered in foreign exchange constitute

TURKISH FOREIGN TRADE

	1938 Imports	1938 Exports
	<i>Percent</i>	<i>Percent</i>
With participant European countries:	70.3 **	66.3 **
With USA	10.5	13.3
	—	—
	80.8	80.6
With other countries	18.2	19.3
	—	—
	100.0	100.0

\* An ECA loan of \$20 million to Turkey has recently been announced.

\*\* Includes all trade with Germany.

### b. Navy.

The Turkish Navy (prior to any deliveries under the US aid program) consisted of 1 old battle cruiser, 2 old light cruisers, 8 destroyers, 3 old torpedo boats, 30 submarines, and a number of auxiliary vessels. Personnel strength is believed to be 1,320 officers and 15,050 enlisted men. The total strength may be increased by about 5,000 to provide personnel for shore guard duties, etc., now being performed by men from the other armed services. No air arm exists, and there are no trained amphibious units. Four US submarines have already been delivered under the US aid program, as well as 2 motor minesweepers, 1 net layer, 1 small repair vessel, and a small gasoline tanker.

The general characteristics of the Turkish soldier, as indicated above, also apply to the sailor. He is well disciplined and loyal but requires training to develop his mechanical aptitude. The weakness of the small Turkish Navy is lessened by the obsolescence of its larger units. The battle cruiser, now called *Fevat*, is the German-built *Göeben*, turned over to the Turks at the beginning of World War I. The efficiency of the navy should show a substantial increase following the delivery of units under the US aid program, the conclusion of personnel training courses now being given, and the completion of improvements at the OSİRK Naval Base.

### c. Air Force.

The Turkish Air Force at present consists of an estimated 1,514 aircraft, including 344 British planes recently received from the UK. In addition, 483 aircraft have been delivered under the aid program, and 18 more are on order. Apart from these more modern US and British units, the Turkish Air Force consists largely of obsolete types of mixed foreign origin, chiefly British, US, and German. Personnel strength is estimated at about 34,000, including about 1,200 pilots. The force is organized into 3 Air Divisions, disposed as follows: First (1 Light Bomber Regiment, 1 Torpedo Bomber Group — expected to be expanded into a regiment in the near future — and 2 Fighter Regiments) and Second (1 Light Bomber and 2 Fighter Regiments), western Turkey. Third (2 Fighter and 1 Light Bomber Regiments), eastern Turkey. There is also a Headquarters Command (1 Photo-Reconnaissance Section and 1 Transport and Liaison Group) at Ankara. The air force is now being reorganized and expanded, but deficiencies in communications, training, logistics, and equipment, make it still an ineffective combat instrument. The Turkish General Staff believes that a Strategic Air Force is beyond its capabilities; it plans to restrict air operations, in the event of war, to tactical operations and local air defense. Experts of the US Military Mission believe that, with assistance in US equipment and adequate training, an excellent force can be created which would be capable of training conscripted personnel and would also form a mobilization nucleus in case of war.

### d. The US Aid Program.

The recommendations of the US survey group were based upon a recognition of the need to develop and maintain Turkey's economic well-being, to sustain the Turks in their determination to resist the USSR's demands upon the nation's sovereignty and

territorial integrity, and to avert any possible growth of social unrest which might provide the means of destroying Turkey's political and economic institutions. It was decided that these purposes could best be served by devoting the aid funds as a grant-in-aid chiefly to the modernization of the Turkish armed forces so as to obtain a more compact and effective national defense structure, with decreased manpower but greater mobility and firepower. Recommendations of the survey group, now in process of implementation, were:

(a) For ground forces equipment and technical training	\$48,500,000
(b) For air forces equipment and technical training	\$9,750,000
(c) For naval forces equipment and technical training	14,750,000
(d) For the improvement of arsenals	\$,000,000
(e) For road-construction equipment and technical training in construction and maintenance	\$,000,000
Total	<hr/> \$100,000,000

In 1948 Congress voted a further \$275 million to continue the provision of aid to Greece and Turkey, and of this sum \$75 million has been tentatively allotted to Turkey. While the US aid program will materially aid the Turks in initiating a modernization and standardization designed to make the Turkish Army a numerically smaller but more effective fighting force, the achievement of this goal is still well in the future.

## 2. WAR POTENTIAL

### a. Manpower

The largest losses under arms during World War II (at a time when German attack was thought to be imminent) totalled from 800,000 to 900,000. Mobilization of trained reserves would be a slow process, owing to lack of equipment and also to the disruption which an aggressor would undoubtedly effect in transportation. Subject to these limiting factors, fully 1,900,000 men could be placed under arms. If forewarned of an impending attack, the Turks might be able to complete mobilization in advance, but such large-scale mobilization cannot be effected entirely in secrecy, and it has for several years been Turkish policy to avoid taking steps which might result in accusations of provocative action. In addition to the armed forces, a civilian organization known as the Sharpshooters (similar to the British Home Guard and including unarmored auxiliary services, such as nurses, first-aid teams, air raid wardens, etc.) is planned. Apart from the military training which all physically able male Turks receive upon reaching the age of 18, school children of both sexes are required to take a course of military instruction as part of their general education. Members of the regular armed forces receive their more advanced military training from the national war schools and colleges as well as from foreign instructors (particularly US — e.g., under the aid program — and UK) both in Turkey and abroad.

RECOMMENDATION FOR ASSISTANCE TO GREECE AND  
TURKEY

ADDRESS

OF

THE PRESIDENT OF THE UNITED STATES

DELIVERED

BEFORE A JOINT SESSION OF THE SENATE AND THE HOUSE OF  
REPRESENTATIVES, RECOMMENDING ASSISTANCE TO GREECE  
AND TURKEY

MARCH 12, 1947.—Referred to the Committee on Foreign Affairs, and ordered  
to be printed

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE CONGRESS OF THE  
UNITED STATES:

The gravity of the situation which confronts the world today  
necessitates my appearance before a joint session of the Congress.

The foreign policy and the national security of this country are  
involved.

One aspect of the present situation, which I wish to present to you  
at this time for your consideration and decision, concerns Greece and  
Turkey.

The United States has received from the Greek Government an  
urgent appeal for financial and economic assistance. Preliminary  
reports from the American Economic Mission now in Greece and  
reports from the American Ambassador in Greece corroborate the  
statement of the Greek Government that assistance is imperative if  
Greece is to survive as a free nation.

I do not believe that the American people and the Congress wish to  
turn a deaf ear to the appeal of the Greek Government.

Greece is not a rich country. Lack of sufficient natural resources  
has always forced the Greek people to work hard to make both ends  
meet. Since 1940, this industrious and peace-loving country has  
suffered invasion, 4 years of cruel enemy occupation, and bitter  
internal strife.

When forces of liberation entered Greece they found that the  
retreating Germans had destroyed virtually all the railways, roads,





port facilities, communications, and merchant marine. - More than a thousand villages had been burned. Eighty-five percent of the children were tubercular. Livestock, poultry, and draft animals had almost disappeared. Inflation had wiped out practically all savings.

As a result of these tragic conditions, a militant minority, exploiting human want and misery, was able to create political chaos which, until now, has made economic recovery impossible.

Greece is today without funds to finance the importation of those goods which are essential to bare subsistence. Under these circumstances the people of Greece cannot make progress in solving their problems of reconstruction. Greece is in desperate need of financial and economic assistance to enable it to resume purchases of food, clothing, fuel, and seeds. These are indispensable for the subsistence of its people and are obtainable only from abroad. Greece must have help to import the goods necessary to restore internal order and security so essential for economic and political recovery.

The Greek Government has also asked for the assistance of experienced American administrators, economists, and technicians to insure that the financial and other aid given to Greece shall be used effectively in creating a stable and self-sustaining economy and in improving its public administration.

The very existence of the Greek State is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the Government's authority at a number of points, particularly along the northern boundaries. A Commission appointed by the United Nations Security Council is at present investigating disturbed conditions in northern Greece, and alleged border violations along the frontier between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other.

Meanwhile, the Greek Government is unable to cope with the situation. The Greek Army is small and poorly equipped. It needs supplies and equipment if it is to restore the authority of the Government throughout Greek territory.

Greece must have assistance if it is to become a self-supporting and self-respecting democracy.

The United States must supply that assistance. We have already extended to Greece certain types of relief and economic aid, but these are inadequate.

There is no other country to which democratic Greece can turn.

No other nation is willing and able to provide the necessary support for a democratic Greek Government.

The British Government, which has been helping Greece, can give no further financial or economic aid after March 31. Great Britain finds itself under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece.

We have considered how the United Nations might assist in this crisis. But the situation is an urgent one requiring immediate action, and the United Nations and its related organizations are not in a position to extend help of the kind that is required.

It is important to note that the Greek Government has asked for our aid in utilizing effectively the financial and other assistance we may give to Greece, and in improving its public administration. It is of the utmost importance that we supervise the use of any funds made available to Greece, in such a manner that each dollar spent will count

toward making Greece self-supporting, and will help to build an economy in which a healthy democracy can flourish.

No government is perfect. One of the chief virtues of a democracy, however, is that its defects are always visible and under democratic processes can be pointed out and corrected. The government of Greece is not perfect. Nevertheless it represents 85 percent of the members of the Greek Parliament who were chosen in an election last year. Foreign observers, including 692 Americans, considered this election to be a fair expression of the views of the Greek people.

The Greek Government has been operating in an atmosphere of chaos and extremism. It has made mistakes. The extension of aid by this country does not mean that the United States condones everything that the Greek Government has done or will do. We have condemned in the past, and we condemn now, extremist measures of the right or the left. We have in the past advised tolerance, and we advise tolerance now.

Greece's neighbor, Turkey, also deserves our attention.

The future of Turkey as an independent and economically sound state is clearly no less important to the freedom-loving peoples of the world than the future of Greece. The circumstances in which Turkey finds itself today are considerably different from those of Greece. Turkey has been spared the disasters that have beset Greece; and, during the war, the United States and Great Britain furnished Turkey with material aid. Nevertheless, Turkey now needs our support.

Since the war Turkey has sought financial assistance from Great Britain and the United States for the purpose of effecting that modernization necessary for the maintenance of its national integrity.

That integrity is essential to the preservation of order in the Middle East.

The British Government has informed us that, owing to its own difficulties, it can no longer extend financial or economic aid to Turkey.

As in the case of Greece, if Turkey is to have the assistance it needs, the United States must supply it. We are the only country able to provide that help.

I am fully aware of the broad implications involved if the United States extends assistance to Greece and Turkey, and I shall discuss these implications with you at this time.

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. This was a fundamental issue in the war with Germany and Japan. Our victory was won over countries which sought to impose their will, and their way of life, upon other nations.

To insure the peaceful development of nations, free from coercion, the United States has taken a leading part in establishing the United Nations. The United Nations is designed to make possible lasting freedom and independence for all its members. We shall not realize our objectives, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed on free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States.

The peoples of a number of countries of the world have recently had totalitarian regimes forced upon them against their will. The Government of the United States has made frequent protests against coercion and intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I must also state that in a number of other countries there have been similar developments.

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression.

The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the status quo is not sacred. But we cannot allow changes in the status quo in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations.

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation are of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon its neighbor, Turkey, would be immediate and serious. Confusion and disorder might well spread throughout the entire Middle East.

Moreover, the disappearance of Greece as an independent state would have a profound effect upon those countries in Europe whose peoples are struggling against great difficulties to maintain their freedoms and their independence while they repair the damages of war.

It would be an unspeakable tragedy if these countries, which have struggled so long against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disastrous not only for them but for the world. Discouragement and possibly failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far reaching to the West as well as to the East.

We must take immediate and resolute action.

I, therefore, ask the Congress to provide authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into

consideration the maximum amount of relief assistance which would be furnished to Greece out of the \$350,000,000 which I recently requested that the Congress authorize for the prevention of starvation and suffering in countries devastated by the war.

In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in the tasks of reconstruction, and for the purpose of supervising the use of such financial and material assistance as may be furnished. I recommend that authority also be provided for the instruction and training of selected Greek and Turkish personnel.

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for purposes indicated in this message, I shall not hesitate to bring the situation before the Congress. On this subject the executive and legislative branches of the Government must work together.

This is a serious course upon which we embark.

I would not recommend it except that the alternative is much more serious.

The United States contributed \$341,000,000,000 toward winning World War II. This is an investment in world freedom and world peace.

The assistance that I am recommending for Greece and Turkey amounts to little more than one-tenth of 1 percent of this investment. It is only common sense that we should safeguard this investment and make sure that it was not in vain.

The seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil soil of poverty and strife. They reach their full growth when the hope of a people for a better life has died.

We must keep that hope alive.

The free peoples of the world look to us for support in maintaining their freedoms.

If we falter in our leadership, we may endanger the peace of the world—and we shall surely endanger the welfare of our own Nation.

Great responsibilities have been placed upon us by the swift movement of events.

I am confident that the Congress will face these responsibilities squarely.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 12, 1947.



[PUBLIC LAW 75—80TH CONGRESS]

[CHAPTER 81—1ST SESSION]

[S. 638]

AN ACT

To provide for assistance to Greece and Turkey.

Whereas the Governments of Greece and Turkey have sought from the Government of the United States immediate financial and other assistance which is necessary for the maintenance of their national integrity and their survival as free nations; and

Whereas the national integrity and survival of these nations are of importance to the security of the United States and of all freedom-loving peoples and depend upon the receipt at this time of assistance; and

Whereas the Security Council of the United Nations has recognized the seriousness of the unsettled conditions prevailing on the border between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other, and, if the present emergency is met, may subsequently assume full responsibility for this phase of the problem as a result of the investigation which its commission is currently conducting; and

Whereas the Food and Agriculture Organization mission for Greece recognized the necessity that Greece receive financial and economic assistance and recommended that Greece request such assistance from the appropriate agencies of the United Nations and from the Governments of the United States and the United Kingdom; and

Whereas the United Nations is not now in a position to furnish to Greece and Turkey the financial and economic assistance which is immediately required; and

Whereas the furnishing of such assistance to Greece and Turkey by the United States will contribute to the freedom and independence of all members of the United Nations in conformity with the principles and purposes of the Charter: Now, therefore,

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provisions of any other law, the President may from time to time when he deems it in the interest of the United States furnish assistance to Greece and Turkey, upon request of their governments, and upon terms and conditions determined by him—

(1) by rendering financial aid in the form of loans, credits, grants, or otherwise, to those countries;

(2) by detailing to assist those countries any persons in the employ of the Government of the United States; and the provisions of the Act of May 25, 1938 (52 Stat. 442), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph: *Provided, however,* That no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of this

Act until such personnel have been investigated by the Federal Bureau of Investigation;

(3) by detailing a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the Act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph;

(4) by providing for (A) the transfer to, and the procurement for by manufacture or otherwise and the transfer to, those countries of any articles, services, and information, and (B) the instruction and training of personnel of those countries; and

(5) by incurring and defraying necessary expenses, including administrative expenses and expenses for compensation of personnel, in connection with the carrying out of the provisions of this Act.

SEC. 2. (a) Sums from advances by the Reconstruction Finance Corporation under section 4 (a) and from the appropriations made under authority of section 4 (b) may be allocated for any of the purposes of this Act to any department, agency, or independent establishment of the Government. Any amount so allocated shall be available as advancement or reimbursement, and shall be credited, at the option of the department, agency, or independent establishment concerned, to appropriate appropriations, funds or accounts existing or established for the purpose.

(b) Whenever the President requires payment in advance by the Government of Greece or of Turkey for assistance to be furnished to such countries in accordance with this Act, such payments when made shall be credited to such countries in accounts established for the purpose. Sums from such accounts shall be allocated to the departments, agencies, or independent establishments of the Government which furnish the assistance for which payment is received, in the same manner, and shall be available and credited in the same manner, as allocations made under subsection (a) of this section. Any portion of such allocation not used as reimbursement shall remain available until expended.

(c) Whenever any portion of an allocation under subsection (a) or subsection (b) is used as reimbursement, the amount of reimbursement shall be available for entering into contracts and other uses during the fiscal year in which the reimbursement is received and the ensuing fiscal year. Where the head of any department, agency, or independent establishment of the Government determines that replacement of any article transferred pursuant to paragraph (4) (A) of section 1 is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(d) (1) Payment in advance by the Government of Greece or of Turkey shall be required by the President for any articles or services furnished to such country under paragraph (4) (A) of section 1 if they are not paid for from funds advanced by the Reconstruction Finance Corporation under section 4 (a) or from funds appropriated under authority of section 4 (b).

(2) No department, agency, or independent establishment of the Government shall furnish any articles or services under paragraph

(4) (A) of section 1 to either Greece or Turkey, unless it receives advancements or reimbursements therefor out of allocations under subsection (a) or (b) of this section.

Sec. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this Act nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient government; (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Act; (e) not to use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government; and (f) to give full and continuous publicity within such country as to the purpose, source, character, scope, amounts, and program of United States economic assistance carried on therein pursuant to this Act.

Sec. 4. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (b) of this section, to make advances, not to exceed in the aggregate \$100,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine.

(b) There is hereby authorized to be appropriated to the President not to exceed \$400,000,000 to carry out the provisions of this Act. From appropriations made under this authority there shall be repaid to the Reconstruction Finance Corporation the advances made by it under subsection (a) of this section.

Sec. 5. The President may from time to time prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred upon him pursuant to this Act through such department, agency, independent establishment, or officer of the Government as he shall direct.

The President is directed to withdraw any or all aid authorized herein under any of the following circumstances:

(1) If requested by the Government of Greece or Turkey, respectively, representing a majority of the people of either such nation;

(2) If the Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable;

(3) If the President finds that any purposes of the Act have been substantially accomplished by the action of any other inter-governmental organizations or finds that the purposes of the Act are incapable of satisfactory accomplishment; and

(4) If the President finds that any of the assurances given pursuant to section 3 are not being carried out.

Sec. 6. Assistance to any country under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

Sec. 7. The President shall submit to the Congress quarterly reports of expenditures and activities, which shall include uses of funds by the recipient governments, under authority of this Act.

Sec. 8. The chief of any mission to any country receiving assistance under this Act shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such functions relating to the administration of this Act as the President shall prescribe.

Approved May 22, 1947.





(A) THE GREEK-TURKISH AID PROGRAM (THE TRUMAN DOCTRINE)

The Greek-Turkish Aid Program was in direct response to appeals to the United States Government by the Governments of Greece and Turkey for financial and economic assistance to meet the emergencies with which the two countries were faced early in 1947. The threat of communist domination lay over both and there was danger that, without outside help, Greece would not survive as an independent democracy and that Turkey might be unable to resist the pressure to which the Soviets were subjecting her.

During the war both countries had received aid from Great Britain and the United States. Turkey maintained its independence but Greece came under the domination of the Nazis and the four years of enemy occupation wrought great destruction of its resources with the result that during the two years following the liberation of the country, little progress was made toward recovery despite relief assistance from the United Nations Relief and Rehabilitation Administration, supplemented by substantial aid from Great Britain. Communist elements took advantage of the misfortune and the country was torn by civil warfare carried on largely by guerrilla forces supported by communist groups outside the country.

While conditions in Turkey were less serious economically, the nation had been under constant pressure from the Soviet Government which procrastinated the maintenance of armed forces at full strength. It was feared that if the situation continued Turkey's ability to withstand the pressure would be destroyed.

The United States, acting in accordance with agreement reached at the Yalta Conference in February, 1945, to assist liberated countries in establishing democratic governments, had sent a mission to participate with representatives of Great Britain and France in observing the Greek elections on March 31, 1946. President Truman, by executive order on November 17, 1945, appointed Henry F. Grady as his representative to head the mission and on

B F

January 11, 1946, named six other members of the delegation. The allied mission completed its report on April 10, 1946 and, in a statement the following day, said the elections were, on the whole, free and fair. (1)

Conditions in Greece failed to improve and in January, 1947, the United States sent an economic mission headed by Paul A. Porter to Greece to examine economic conditions in the country and determine what outside assistance was necessary to bring about recovery and reconstruction. This mission was in Greece from January 8 to March 22, 1947. It found little progress toward recovery had been made during the two years following the liberation and that the country was threatened with economic disaster. It recommended the United States immediately extend financial aid.

The situation reached a crisis late in February, 1947, when the British Government announced that it could no longer continue the aid to Greece and Turkey which it had been furnishing, and on February 24th, through its Ambassador in Washington, it notified this government of its decision.

The President held several meetings and consultations with members of the Cabinet and others and on February 27th called in a group of Congressional leaders for a bipartisan discussion of the situation. Those present included Senators Arthur H. Vandenberg, (Rep.) Chairman of the Senate Foreign Relations Committee; Tom Connally, (Dem.), ranking minority member of the committee; Albert P. Barkley, minority leader of the Senate; Bridges, (Rep.) Chairman of the Senate Appropriations Committee; Speaker Joseph Martin of the House of Representatives; Representatives Sam Rayburn, minority leader of the House, Eaton, (Rep.) Chairman of the House Foreign Affairs Committee; and Eilson, ranking minority member of the committee. Also present were the Secretary and Under Secretary of State. Representative Taber, (Rep.) Chairman of the House Appropriations Committee was unable to attend but went to the White House later in the day and was briefed by the President.

On March 3, the Greek Government appealed directly to the United States for help. In a note (2) addressed to the President and the Secretary of State, Prime Minister Metaxas and the Deputy Prime Minister and Minister for Foreign Affairs Tsaldaris, requested financial, economic and expert assistance,

which they said was necessary if Greece was to survive. They asked for such aid as needed to bring about economic recovery, to enable them to obtain essential imports necessary for the subsistence of the people, to organize and equip the armed forces so as to restore order in the country, to enable them to restore their production facilities and for American administrative and technical personnel to help in the work of reconstruction.

In a statement accompanying the public release of the Greek appeal on March 6th, Secretary of State Marshall said that for sometime the United States Government had been endeavoring in various ways to assist in restoring the economy of Greece.

"For sometime," he said, "this Government has been endeavoring in various ways to assist in the restoration of the economy of Greece. Spurred by appeals from the Greek Government, it has been studying ways and means of providing additional assistance. This study impelled the dispatch of the economic mission headed by Paul A. Porter which is now in Greece. It has also involved consultations and exchanges of ideas with the Greek Government and the British Government, which has likewise been bending every effort to help Greece.

"Recently reports from our own representatives and from the Greek and British Governments have shown that the economic condition of Greece has deteriorated to the verge of collapse. The Greek Government has renewed its request for help. In the light of the world situation, this is a matter of primary importance to the United States. It has received the urgent attention of the President and the executive agencies concerned. It has been discussed with the appropriate congressional leaders.

"I cannot say anything today regarding the action which may be taken, other than that a full public statement will be made very soon, when the executive agencies have completed their consideration of the matter. The problems involved are so far-reaching and of such transcendent importance that any announcement relating to them could properly come only from the President himself. The final decisions will rest with the President and the Congress."

The problems raised by these developments — the British action and the Greek appeal — gave the President much concern and were the subject of study by many officials in the government. At a Cabinet meeting on March 7th, the Greek question was discussed at length and the President appointed a Cabinet Committee which included Secretary of the Treasury Snyder, Secretary of War Patterson, Secretary of the Navy Forrestal, Under Secretary of State Acheson

President's Secretary's  
File

100  
100  
100

and W. Averell Harriman, Secretary of Commerce, and former Ambassador to Russia, to map plans for presenting the facts to leading persons throughout the country.

The President and his advisers continued their studies of the situation and on March 10th, the President met again with Congressional leaders to consider the steps planned to aid Greece and Turkey. The group included Senators Vandenberg, Barkley, Connally, Taft (Rep.) and White (Rep.) and Keller, (Dem.) and Representatives Martin, Eaton, Bloom, Taber, Rayburn, Mallick (Rep.), Cannon (Dem.) and Mahon (Dem.).

Following this meeting, announcement was made that the President would address the Congress on the following Wednesday, March 12. On that day he went before a Joint Session and outlined the situation. In this address he asked the Congress to provide authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. He also asked authorization for the detail of American civilian and military personnel to Greece and Turkey to help in the reconstruction work and to supervise the use of such assistance as might be furnished. (3)

The President's message brought quick reaction throughout the world and was generally well received. There was immediate response from Greek leaders who expressed their gratitude in behalf of the nation.

On May 7th, Under Secretary of State Acheson delivered the address at Cleveland, Mississippi. (4) The President had accepted an invitation to speak to the Delta Council there on that day but was unable to make the trip and Mr. Acheson spoke in his place. It was this address which the President felt marked the real beginning of the foreign policy of his Administration. In it, Mr. Acheson set forth what he termed "some of the basic facts of life with which we are primarily concerned today in the conduct of foreign relations" — that most of the countries of Europe and Asia were in a state of physical destruction or economic dislocation, that Germany and Japan, upon whose production Europe and Asia were largely dependent, had been unable to begin the process of reconstruction, and that crop failures in Europe had further impeded reconstruction.

The address attracted immediate attention abroad and was followed here by the introduction in the Congress of legislation to provide the assistance re-

B F

On June 5, 1947, at a press and radio conference, the President announced the appointment of Dwight F. Griswold, former Governor of Nebraska, as Chief of the United States mission to direct and supervise the aid and of Richard F. Allen, who had directed American Red Cross relief work in Europe, including the program in France before and after the German invasion, as Field Administrator for Relief. The President said at the time that the Greek-Turkish Program was advocated by the administration for two important reasons, first, to extend aid to starving millions and to help restore the economy of the countries and, second, to help those nations which wanted to preserve their freedom and to set up a bulwark against totalitarian aggression.

Immediately following the approval of the aid act representatives of the United States Government entered into negotiations with Greek and Turkish representatives on conditions to govern administration of the aid. The President, on May 11st, approved the draft of a proposed agreement and on June 20th, the agreement was signed by the United States and Greek representatives. A similar agreement with Turkey was signed on July 12th.

Early in 1948, it became evident that additional military aid would be required for Greece and Turkey because of the intensified guerrilla operations and on March 22nd a bill was introduced by Senator Vandenberg to provide such aid. This legislation was incorporated in the Foreign Assistance Act of 1948 which the President signed on April 3rd. Of the \$375,000,000 authorized, \$225,000,000 was appropriated in a measure which became law on June 28th. Subsequent aid to Greece and Turkey was provided under the European Recovery Pro-

B F

- - - - -

(A) The Greek-Turkish Aid Program; Notes, sources and references:

- (1) Executive Order providing for U.S. representation in observing Greek Elections. Statement of the Allied Mission, April 11, 1946.
- (2) Text of Greek note is not contained in these papers but is in Department of State records; see Vol. XVI, No. 4094, May 6, 1947, Department of State Bulletin supplement.
- (3) Text of President Truman's address to Joint Session of Congress, March 12, 1947.
- (4) Text of Dean Acheson's address at Cleveland, Mississippi, May 8, 1947.
- (5) P.L. 75, 80th Congress.
- (6) Text of Statement by the President on signing Greek-Turkish Aid, May 22, 1947.
- (7) Executive Order prescribing regulations for carrying out provisions of the Greek-Turkish Aid law.
- (8) See notes on the European Recovery Program (the Marshall Plan), Section D.

(Various other statements, announcements and orders relating to the Greek-Turkish Aid program have been included as available.)

DEPARTMENT OF STATE  
WASHINGTON

March 10, 1947

MEMORANDUM FOR COMMANDER ELSKY

Here is the paragraph on United Nations that you requested:

For insertion after first full paragraph on page 12 ending with "principles of the charter".

"We have considered how the United Nations might assist in this crisis. But the situation we must meet is an urgent one requiring immediate action, and the United Nations and its related organizations are not yet in a position to extend assistance of the kind that is required.

"The extension of direct aid by the United States to Greece and Turkey means that the United States is stepping into the breach in order to help maintain conditions in which the United Nations can grow in international confidence and authority. The United States has already taken the lead in the establishment of international agencies designed for the rehabilitation of devastated areas and for long-term economic reconstruction. We will continue to study ways and means through which the United Nations and related international agencies might undertake financial and economic responsibilities in such areas."



C. H. Humelsine,  
Director, Executive Secretariat.



1. He received from State 0930,  
Smiley 9 March.

CUC + HUS involved on it  
most of Smiley; from this about  
the "2nd draft of 9 March".





SUGGESTED DRAFT  
(Revised March 9, 1947)THE PRESIDENT'S MESSAGE TO CONGRESS  
IN REGARD TO GREECE

I come to lay before you today for consideration and decision a grave problem affecting our foreign relations and our national security.

(The Secretary of State has received from) <sup>to the government</sup> the Greek Government <sup>an</sup> urgent appeal for financial, economic, and expert assistance from the United States. Preliminary reports from the American Economic Mission now in Greece <sup>at the request of the Greek Government</sup> and reports from the American Ambassador in Greece, corroborate the statement of the Greek Government that assistance is imperative if Greece is to survive as a free nation.

The British Government has informed the Government of the United States that it will be obliged <sup>to the very near future</sup> to discontinue its program of financial and economic assistance to

Elsey  
see  
p. 6.

page

*omit 3*  
*omit 4*  
Greece. The British Government has also informed us that it will no longer be in a position to grant financial or economic assistance to Turkey.

I do not believe that the American people and the Congress could risk ~~this Government~~ to turn a deaf ear to the appeal of the Greek Government. I therefore ask the Congress to grant to the Executive sufficient authority to extend to Greece the assistance required by the circumstances. I also ask, for the reasons which I shall outline, that the Congress grant to the Executive sufficient authority to extend needed assistance to Turkey.

*in by Greek*

Greece has never been a rich country. Poverty of natural resources has always <sup>forced</sup> ~~required that~~ the Greek people <sup>to</sup> work hard in order to make both ends meet. This hard-working and peaceful people has since 1940 suffered invasion, four years of cruel enemy occupation, and <sup>1946</sup> internal strife ~~(amounting at times to civil war)~~

When ~~Germans~~ <sup>Libertine forces</sup> entered Greece they found  
 that the retreating Germans <sup>had</sup> virtually destroyed all of Greece's  
 railways, roads, port facilities, ~~and~~ <sup>communications</sup>, and merchant  
 marine. More than a thousand villages <sup>had</sup> been burned. Eighty-  
 five percent of the children were tubercular. Livestock, poultry,  
 and draft animals <sup>had</sup> almost disappeared. and inflation had  
 wiped out practically all savings.

Thriving in these frightful conditions, a villainous minority,  
 exploiting human want and misery, <sup>had</sup> generated, and continues to  
 generate, political instability which has made it impossible to  
<sup>reconstruct</sup> ~~reconstruct~~ the country's economy on its feet.

Greece is today without funds to finance the importation  
 of these goods which are essential for bare subsistence.  
 Under these circumstances the people of Greece cannot make progress  
 in solving <sup>the</sup> problem of reconstruction. Greece is ~~helpless~~ <sup>helpless</sup> in

disparate

desperate need of financial and economic assistance for the following purposes:

*Variable 1*  
(to enable Greece) immediately to resume purchases of food, clothing, fuel, <sup>and</sup> seeds and the like that are indispensable for the subsistence of her people and that are obtainable only from abroad, *and*

(to enable the civil and military establishments of the Greek Government) to import the goods necessary for restoration of ~~their~~ internal <sup>economic</sup> ~~disorder~~ <sup>stability</sup> and security ~~which~~ <sup>is</sup> essential for economic and political recovery;

*also*  
and to enable Greece to create conditions under which it can maintain itself as a self-supporting and self-respecting democracy.

The Greek Government has <sup>also</sup> asked ~~the Commission~~ <sup>for the Commission</sup>

for experienced American administrative, economic and technical personnel to insure <sup>the</sup> ~~the~~ utilization in an effective manner of the

<sup>aid</sup> ~~financial assistance~~ <sup>involuntary efforts</sup> given to Greece, and to help in

bringing about a healthy condition in the domestic economy and public administration.

The very existence of the Greek state is today threatened by the <sup>1971/6 20/10</sup> ~~most~~ depredations of several thousand political dissidents, led by Communists, who defy the government's authority at a number of points, particularly along the northern boundaries. A Commission appointed by the United Nations<sup>2</sup> Security Council is at present investigating disturbed conditions in northern Greece and <sup>1971/6</sup> ~~port~~ reported border violations along the frontier between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other.

Meanwhile, the Greek Government is unable to cope with the situation. The Greek army is small and poorly equipped. If that army is to be effective in restoring the authority of the Greek state throughout its territory, it <sup>must first</sup> ~~will require~~ supplies and equipment to permit its reorganization; and it <sup>must be supplied</sup> ~~will require a~~

letter

by a letter to Mr. [unclear] before finalizing it.

(1) If Greece is to have help in this critical situation, the United States must supply it. There is no other country to which

democratic Greece can turn. The United States has already ex-

tended to Greece certain types of relief and economic assistance.

(2) These are inadequate. The British Government, which has been assist-

ing Greece, can give no further financial or economic aid.

Great Britain finds itself under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece.

It would be difficult to over-emphasize the importance of these developments to the United States and to American foreign policy.

No government is perfect. One of the chief virtues of democracy, however, is that its defects of government are always

visible.

visible and under democratic process can be pointed out and

*corrected.*

*is not perfect.*  
~~agreed~~. The government of Greece has its imperfections. It

nevertheless represents eighty-five percent of the members of the

Greek Parliament who were chosen last year in an election which

*includes* *—* *Chierini*

foreign observers considered to be a fair one.

The Greek Government has been operating in an atmosphere of  
chaos and extremism, and it has made mistakes. The extension of

aid by this country does not mean that this Government condones

everything that the Greek Government has done or will do. We have

condemned in the past and we do condemn now any extremist measures

of the right or the left. We have in the past advised tolerance

and we advise it now.

It is important to note that the Greek Government has asked

for our assistance in utilizing in an effective manner the financial

and other assistance we may give to Greece, and in improving its

*Walter*

public administration. (I consider it necessary that this request be granted.) It is of <sup>the</sup> utmost importance that the <sup>total</sup> ~~(expenditure)~~ <sup>of the</sup> funds <sup>made available</sup> to Greece be supervised <sup>in such manner that</sup> each dollar <sup>spent</sup> ~~(expended)~~ shall count towards making Greece <sup>fully</sup> self-supporting and shall assist in building an economy in which a healthy democracy can flourish.

The future of Turkey as an independent and economically sound state is clearly no less important <sup>to the freedom-loving peoples of the world</sup> ~~than that of Greece.~~ <sup>to the</sup> ~~(The circum-~~stances in which Turkey finds herself today are nevertheless considerably different.) Turkey has been spared the disasters that have beset Greece. And during the war, the United States and Great Britain furnished Turkey with ~~fully~~ <sup>fully</sup> material aid.

Since the war ~~(however)~~, Turkey has sought additional financial assistance from ~~fully~~ Great Britain and United States for the purpose of <sup>modernizing its defenses & developing its economy, both of which are necessary for the maintenance of its</sup> ~~effecting the modernization necessary for the maintenance of its~~ national integrity. That integrity is essential to the maintenance of peace in the Middle East.



The British Government has informed us that, due to its own difficulties, it ~~will not be~~ <sup>is no longer</sup> in a position ~~in the future~~ to extend financial or economic aid to Turkey.

It is, therefore, <sup>necessary</sup> ~~apparent~~ <sup>obv</sup> that assistance should also be <sup>extended</sup> given to Turkey. We are the only country able to give that help, <sup>possibly</sup> and it is in our vital interest to do so.

~~In taking this step of requesting the Congress for authority~~  
*The Extension of aid*  
 to extend aid to Greece and Turkey, I am fully aware of its larger implications, and I wish to present some of these to you.

One of the primary objections of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercive. This was one of the fundamental issues in the war with Germany and Japan. Our victory was won over countries which sought to impose <sup>and their way of life</sup> their will upon other nations.

*Andromeda*



corruption and intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I want also state that in a number of other countries there have been similar developments

At the present moment in world history nearly every nation is confronted with alternative ways of life. And the choice is too

often and a free one. One way of life is based upon the will of the majority, <sup>and is exemplified by</sup> free institutions, representative government, free

elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression. The second way of

life is based upon ~~the domination~~ <sup>the will of a minority</sup> of the will of a minority, upon ~~the~~ <sup>majority</sup> ~~majority~~ <sup>control of the press and other means of communication</sup> by a minority, and upon terror and oppression.

I believe that it must be the policy of the United States to ~~support~~ <sup>assist</sup> free peoples who are ~~resisting~~ <sup>maintaining</sup> ~~freedom~~ <sup>control</sup> by armed minorities or outside forces. It is essential to our security

that we assist free peoples to work out their own destiny in their

one way, and our help must be primarily in the form of that economic and financial aid which is essential to economic stability and orderly political processes. A'

units { The Charter of the United Nations presupposes a world of free nations. In helping such nations to maintain their freedom and independence, the United States would be giving effect to the purposes and principles of the Charter. *A. S. Miller* *for* *in furtherance of*

It would be an unspeakable tragedy if countries such as Greece which have struggled so long for their independence against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disasters not only for them but for the world. Discouragement and possible failure would quickly be the lot of neighboring peoples engaged in a struggle to maintain their freedom and independence. ~~A. S. Miller~~ of this sort would very quickly undermine our national security. *part - page 13*

~~the world~~

R

(X) an area in which the United States has  
~~has~~ a vital interest in the maintenance  
of peace and good order. This is an area of  
great natural resources, which cannot be  
accessible to all nations, <sup>and must</sup> ~~not~~ be under the  
~~exclusive~~ control or domination of ~~any~~ <sup>any single</sup> nation.

The weakening of Turkey, or the further  
weakening of Greece, would invite such  
control.

The world is not static, and the status quo is not sacred. No

cannot overlook, however, a unilateral growing-away of the status quo. }

*But* <sup>shall not</sup> We ~~cannot~~ allow aggression to be accomplished in violation of the

Charter of the United Nations by such methods as coercion, or by

such subterfuge as political infiltration. (D) must be in

It is necessary only to glance at a map to realize that the

survival and integrity of the Greek nation is of grave importance

<sup>because of her vital importance in the Balkans</sup> in a much wider situation. If Greece should fall under the control

of an armed minority, the effect upon her neighbor, Turkey, would be

immediate and serious. (D) confusion and disorder might well

spread throughout the entire Middle East.

*(D) In the Turkish at least that has  
in the immediate of few words - international  
also a great natural resources - 1/1000000000  
that makes  
to often -  
not calculated  
Th and  
Russia.*

But in this all. There are countries in Europe whose people

are struggling against great difficulties and impediments to maintain

their freedom and their independence while they repair the damage

of war. (D) we feel + to be in a Should Greece fail in her struggle, the effect may be far-

reaching to the West as well as to the East.



For Attention

R. File

The situation ~~is so serious~~ requires immediate and resolute

action.

I therefore ask the Congress to ~~act~~ with the greatest speed <sup>in providing</sup> authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into consideration the maximum amount of relief assistance which ~~it is authorized~~ would be furnished to Greece out of the \$150,000,000 which I recently requested that the Congress authorize for the prevention of starvation and suffering in countries devastated by the war.

In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in <sup>the</sup> tasks of ~~reconstruction~~ reconstruction, and for the purpose of supervising the use of such financial and material assistance as may be furnished. I recommend that authority also be provided for the instruction and training of selected Greek and Turkish personnel.

*W. L. B. R.*

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, to terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for purposes indicated to this message, I shall not hesitate to bring the situation before Congress. This is <sup>the</sup> <sup>a subject upon which</sup> ~~a subject upon which~~ the Executive and Legislative branches of the Government must work together ~~(syndicatedly)~~ <sup>ly</sup> in close coordination.

This is a serious task to undertake. I would not recommend it to the Congress were it not that the alternative to this course of action would be certain to expose the nation to far greater hardship and danger.

During the past six years the people of this country have invested 300,000 (1) lives and 340 billions of dollars to freedom and world



order. It is only common sense that the nation should safeguard  
its investment and make sure that its sacrifice shall not have been  
in vain.

US responsibility toward - 2  
US. security

The Charter ~~(which we have signed)~~ presupposes a world of free and independent nations, but it is beyond the scope and power of the United Nations to provide financial aid to <sup>one</sup> any of its members for the purpose of maintaining its freedom. Nor can the United Nations provide the technical experts needed immediately ~~for example~~ by Greece. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the purposes and principles of the Charter of the United Nations.



There is a world-wide trend away from free enterprise and ~~democracy~~ toward state-controlled economies. A prolonged depression ~~which~~ <sup>world</sup> two great wars have weakened the system of free enterprise almost everywhere except in the United States. Continued chaos in other countries will mean the end of free enterprise and democracy ~~therein~~. <sup>to the point</sup> If an alien system of free enterprise <sup>and cultural warfare</sup> ~~is to be~~ <sup>is to be</sup> ~~in other nations to collapse, one by one, to certain~~ <sup>is to be</sup> ~~pressure, in any case first~~ <sup>is to be</sup> ~~the existence of our economy will be~~ <sup>is to be</sup> ~~threatened.~~

Thurman Dickson

## GREECE AND THE UNITED NATIONS, 1946-49

### A SUMMARY ACCOUNT

by Jerry S. Thurman

#### I. General

Since 1946-47, the United States has been concerned with the problem of threats to the political independence and territorial integrity of Greece. Through the United Nations it has sought to preserve the integrity of Greece against the actions of her northern neighbors and to find some solution of the problems therein involved. Through its aid mission, American Aid to Greece and the Economic Cooperation Administration, it has sought to help Greece to rigida the economy to cope with the Communist attempt to overthrow the constitutional system in Greece, and to assist that country along the road toward social and economic reconstruction.

#### II. The Greek Problem in the Security Council, 1946-47

##### Constitution of the United Nations in the Security Council.

The Security Council first considered the problem of Greece as a result of a letter of the representative of the U.S.S.R. on January 21, 1946 under article 34 of the Charter which charged that the presence of British troops in Greece was a threat to international peace and security.<sup>1</sup> Since no disposition was made on the part of the Security Council, however, to agree with the Soviet thesis, the charge was not sustained. The Greek question came before the Security Council for a second time in August 1947 as a result of a cable from the Ukrainian Minister of Foreign Affairs on August 24, 1947, under article 34 of the Charter which

charged this time that the policy of the Greek Government had produced a situation in the Balkans endangering international peace and security. The question was discussed between August 28 and September 20, 1947, but once more the Security Council declined to accept the Soviet thesis.

Since December 1946, the United Nations has been especially concerned with the problems of threats to the political independence and territorial integrity of Greece. The problem of Greece was brought to the attention of the Security Council for the third time when, on December 3, 1946, the representative of Greece, under articles 34 and 35 (1) of the Charter, requested that the Security Council give early consideration to a situation which, it was charged, was leading to friction between Greece, on the one hand, and Albania, Bulgaria, and Yugoslavia on the other. The Greek Government declared that the guerrilla movement in Greece was receiving support from Albania, Bulgaria, and Yugoslavia, that groups of men were trained for guerrilla activities in Greece, and that foreign assistance had been given to the guerrillas.

##### THE UNITED NATIONS COMMISSION OF INVESTIGATION

On December 19 the Security Council unanimously approved a resolution establishing a Commission of Investigation "in which the 11 members of that body were represented and to which human representatives of Albania, Bulgaria, Greece, and Yugoslavia were attached. This Commission which was to make an on-the-spot investigation in order to ascertain the facts as to the disturbed situation along the northern frontier of Greece,

<sup>1</sup> For details see *The United Nations and the Problem of Greece*, Department of State publication 2089, pp. 1-2.

<sup>2</sup> For the work of this Commission see particularly U.N. doc. S/2089. Report by the Commission of Investigation Concerning Greek Frontier Problems to the Security Council, May 20, 1947, pp. 1-121, and *The United Nations and the Problem of Greece*, ibid., pp. 1-28.

signed its report in Geneva on May 23, 1947. Among other things, it found that Albania, Bulgaria, and Yugoslavia had, in fact, been assisting the Greek guerrilla movement, as charged, and it proposed that the Security Council recommend that the four parties concerned do their best to establish normal and good neighborly relations, refrain from any action likely to maintain or increase the tension in the frontier region, and refrain from any support of elements in neighboring countries aiming at the overthrow of the lawful governments of these countries. Secondly, the Commission proposed that the four parties enter into new frontier arrangements along the lines of the Greek-Bulgarian convention of 1931. It was also suggested that a body be established to investigate frontier violations or complaints, use its good offices, make studies and investigations, and report to the Security Council. Finally it was suggested that the proposed commission study the question of international refugees and the practicability of the voluntary transfer of minorities.

The representatives of the U.S.S.R. and Poland, who held the Government of Greece solely responsible for the troubled situation along the northern frontiers, subscribed neither to the conclusions of the Commission nor to its recommendations.

### III. The General Assembly and the Problem of Greece, 1947-48

THE QUESTION OF THE "THREAT TO POLITICAL INDEPENDENCE AND TERRITORIAL INTEGRITY OF GREECE," SEPTEMBER-NOVEMBER 1947

The Security Council discussed the Greek problem during June, July, and August 1947, but because of the Soviet veto, it was unable to reach any decision. The question was taken off the agenda of the Security Council on September 18 on the motion of the United States representative, and on September 23 the General Assembly decided to place the question of "threats to the political independence and territorial integrity of Greece" on its agenda.<sup>1</sup> On October 31, 1947, the General Assembly, by a vote of 40 to 0, with 11 abstentions, approved a resolution establishing the United Nations Special Committee on the Balkans, with representatives of 11 nations, although the U.S.S.R. and Poland refused to serve, and endowed it with powers of observation and consultation, in

general accord with the recommendations of the original Commission of Investigation. Albania, Bulgaria, and Yugoslavia were called upon forthwith to cease giving assistance to the Greek guerrilla movement and Albania, Bulgaria, Greece, and Yugoslavia were called upon to cooperate in the settlement of their disputes by peaceful means. To that end it was recommended that the four parties concerned:

(1) Establish normal diplomatic and good neighborly relations among themselves as soon as possible;

(2) Establish frontier conventions providing for effective machinery for the regulation and control of their common frontiers and the pacific settlement of frontier incidents and disputes;

(3) Cooperate in the settlement of the problems arising out of the presence of refugees in the frontier states concerned;

(4) Study the practicability for concluding agreements for the voluntary transfer of minorities.<sup>2</sup>

### THE UNITED NATIONS SPECIAL COMMITTEE ON THE BALKANS, 1947-48

The United Nations Special Committee on the Balkans, composed of the active representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom, and the United States, began its work in Greece in November 1947, and has continued to do so in that country, either at Salonika (December 1947-July 1948) or in Athens (July 1948-49).

In its first report to the General Assembly,<sup>3</sup> signed at Geneva on June 30, 1948, the Special

<sup>1</sup> For text see *ibid.*, pp. 1121-1122, and resolution 200 (11).

<sup>2</sup> See U.N. doc. A/489-*Report of the United Nations Special Committee on the Balkans*, p. 26. The Special Committee had previously submitted two interim reports to the Secretary-General, on Dec. 26, 1947 (U.N. doc. A/480) and Jan. 26, 1948 (U.N. doc. A/522). For convenience these reports, together with that of June 30, 1948, may be found in *Documents and Main Papers, September 1948*, pp. 211-272, and 273-302. It may also be noted that a supplementary report of the Special Committee on the Balkans was signed on Sept. 14, 1948 (U.N. doc. A/544) and an interim report was signed on Oct. 22, 1948 (U.N. doc. A/560). The supplementary report and the third interim report which gave further details and confirmed the conclusions reached on June 30, 1948, may be found respectively in *Documents and Main Papers, September 1948*, pp. 413-426, and *Summary 1948*, pp. 403-406.

<sup>3</sup> For convenient reference see *The General Assembly and the Problem of Greece*, The Department of State Bulletin Supplement, Dec. 7, 1947.

Committee unanimously reached a number of conclusions. Although it had consistently endeavored to establish normal diplomatic and good neighborly relations between Greece and its northern neighbors, only the Government of Greece cooperated with it in any way. Albania, Bulgaria, and Yugoslavia not only refused to cooperate with it but also refused to recognize it as a legitimate body of the United Nations. The Special Committee was therefore unable substantially to assist the four governments concerned (1) the establishment of normal relations, (2) frontier conventions, (3) political refugees, and (4) voluntary transfer of minorities. It was evident to the Committee that good neighborly relations did not exist between Greece and her northern neighbors. Moreover, it appeared to the Special Committee that the Greek guerrillas were receiving assistance from Albania, Bulgaria, and Yugoslavia. Because of the character and scale of the support, it was the view of the Special Committee that it had been given "with the knowledge of the Governments of Albania, Bulgaria and Yugoslavia." The Committee was convinced that as long as the situation along the northern frontiers indicated such support, a threat to the political independence and territorial integrity of Greece would exist and international peace and security in the Balkans would be endangered. Despite the refusal of the northern neighbors of Greece to cooperate with it, the Special Committee was also convinced that it would be possible to assist the four governments concerned toward a peaceful settlement in the interest of all if Albania, Bulgaria, and Yugoslavia, like Greece, were prepared to act in accordance with the resolution of October 21, 1947, and in the spirit of the United Nations Charter.

The Special Committee made a number of recommendations in its report of June 30, 1948. The first of these stated that as long as the disturbed conditions continued it was essential that an agency of the United Nations be entrusted with the functions of "ensuring vigilance" along the northern frontiers of Greece and endeavoring to bring about a peaceful settlement. It also recommended that the General Assembly consider "ways and means of obtaining the cooperation of Albania, Bulgaria and Yugoslavia with the Special Committee."

The General Assembly again considered the Greek question at its third session in Paris in the autumn of 1948.<sup>1</sup> After a long discussion, by a vote of 47 to 4, with no abstentions, on November 27, 1948, the General Assembly adopted a resolution continuing the United Nations Special Committee on the Balkans with clarified terms of reference concerning its work of observation and consultation. The General Assembly took note of the conclusions of the Special Committee as to the assistance of Albania, Bulgaria, and Yugoslavia to the Greek guerrillas and that a continuation of this situation constituted a threat to the independence and integrity of Greece and to peace in the Balkans and that the conduct of these countries had been "inconsistent with the principles and purposes of the Charter of the United Nations." A second resolution, unanimously approved, also recommended resumption of diplomatic relations between Greece and her northern neighbors, the drafting or renewal of frontier conventions, and the settlement of the refugee problem. Finally, the General Assembly unanimously approved a resolution concerning the repatriation of some 25 thousand Greek children who had been removed primarily to the territories of the northern neighbors of Greece.

It should also be noted that the First Committee (Political and Security) of the General Assembly, on November 10, 1948, established a "Correlation Committee" under the chairmanship of Dr. H. V. Evatt, President of the General Assembly, to apply methods and procedures with the representatives of Albania, Bulgaria, Greece, and Yugoslavia, looking toward a settlement of their difficulties. By the close of the session in December, draft agreements had been prepared and Dr. Evatt had reported more progress, especially as to the possible establishment of mixed frontier commissions and the drafting of frontier conventions, although the Albanian Government refused to sign any agreement unless Greece gave a formal recognition to her long-standing claim to northern Epirus, and the Bulgarian and Yugoslav Governments refused to sign unless the Albanian Government signed. Subsequently, during the second part of the third session at New York, the Greek Government, on May 11, 1949, substantially accepted Dr. Evatt's proposals, but no reply was received from the other governments concerned.

<sup>1</sup> For a summary of the discussion see "The Problem of Greece in the General Assembly," *Documents and Notes Papers*, January 1949.

Meanwhile the United Nations Special Committee on the Balkans continued its work although it suspended its conciliation role until the "Conciliation Committee" headed by Dr. Ervot had terminated its work and submitted a report. In its unanimous report to the fourth session of the General Assembly<sup>1</sup> signed on August 2, 1948, at Athens, the Special Committee notes that "Albania is the principal source of material assistance" to the Greek guerrillas. The report declares that Albanian support has been "vital to the continuance of the Greek guerrilla movement since all the main guerrilla concentrations are based on the Albanian frontier."<sup>2</sup> It also points out that Bulgaria has continued to assist the Greek guerrillas, moral assistance to whom has been openly proclaimed by the Bulgarian Government.<sup>3</sup>

On the other hand, it is indicated that Yugoslav assistance has recently declined if it has not ceased, following the Yugoslav-Communist rift in 1948, and note is made of Marshal Tito's speech of July 10, 1948, concerning closure of the Greek-Yugoslav frontier.<sup>4</sup> The report stresses the very important assistance of Rumania to the Greek guerrillas, including the fact that the "Free Greeks" radio has been moved from the neighborhood of Belgrade to the vicinity of Bucharest, and states that this assistance—together with that of the other Soviet satellites, points toward "the existence of a highly coordinated system of support" to the Greek guerrilla movement.<sup>5</sup> As the report declares, on a number of occasions the Greek guerrillas have openly acknowledged their foreign support, as stated by the Greek Communist Party itself on January 30-31, 1948, when it proclaimed "in the Popular Democracies we found great and wholehearted support without which we could not have made progress."<sup>6</sup>

Among other things, the report calls attention to the fact that more of the approximately 35 thousand Greek children removed from Greece to the territories of her northern neighbors during 1948 have been returned to Greece in accordance with the resolutions of the General Assembly

on November 27, 1948. Nevertheless, thousands of Greek children, contrary to the spirit of that resolution, have been transferred from one Soviet satellite state to another.<sup>7</sup> Moreover "in violation of fundamental humanitarian principles, cases of these children, high boys and girls of adolescent age, have been sent back to Greece in light of the rules of the guerrillas."<sup>8</sup> The report outlines the conciliatory efforts of the Special Committee, noting that its conciliatory role was suspended for 3 months during 1948 to avoid duplicating the efforts of the Conciliation Committee, of which Dr. H. V. Ervot was chairman.<sup>9</sup> The Special Committee, however, immediately resumed this role after the termination of Dr. Ervot's activities. Although the Soviet Union and Poland refused to cooperate in the work of the Special Committee and Albania, Bulgaria, and Yugoslavia refused to suspend or even to recognize it, documents of the Committee were sent regularly to those governments, and the Committee remained available to assist Albania, Bulgaria, Greece, and Yugoslavia in the solution of their difficulties.

The report concludes that "the continuance of the present situation constitutes a threat to the political independence and territorial integrity of Greece and to peace in the Balkans", reaffirming mechanisms which the Special Committee had reached in 1948. The report contains no recommendations which are to be the subject of a supplementary report before the General Assembly later in the Greek problem in the autumn of 1948.

#### TEXT OF REPORT OF U. N. SPECIAL COMMITTEE ON THE BALKANS

General Assembly 48/174 Records:  
Fourth Session  
Supplement No. 2 (A/484)

#### Chapter I. Creation, Function and Organization of the United Nations Special Committee on the Balkans

##### A. THE GREEK QUESTION BEFORE THE THIRD REGULAR SESSION OF THE GENERAL ASSEMBLY

[EDITOR'S NOTE: The six sections that appear in Supplement No. 2 (A/484) are not ordered here, sections 2, 4, and 5 will, however, appear in a separate print of Dr. Haverst's article and the report. The separate also will include a complete chronology of the Greek case from 1948 to the present.]

<sup>1</sup> 1948, par. 128.

<sup>2</sup> 1948, par. 144.

<sup>3</sup> 1948, pars. 77, 78, 79, and annex E.

<sup>1</sup> See U.N. doc. A/485, Report of the United Nations Special Committee on the Balkans, pp. 1-48, with four maps.

<sup>2</sup> 1948, par. 64.

<sup>3</sup> 1948, pars. 10-120.

<sup>4</sup> 1948, pars. 41, 42, and 121.

<sup>5</sup> 1948, par. 145.

<sup>6</sup> 1948, par. 87.

THE WHITE HOUSE  
WASHINGTON

7 Nov 47

Mr. Clifford:

I do not believe that this is the occasion for the "All-out" speech for the following reasons:

1. Insufficient time to prepare what would be the most significant speech in the President's administration. Much more time is necessary to develop the philosophy and ideas and do justice to the subject. I think that the President should have two weeks to prepare such a speech.
2. There has been no overt action in the immediate past by the U.S.S.R. which serves as an adequate pretext for the "All-out" speech. The situation in Greece is relatively "abstract"; there have been other instances - Iran, for example - where the occasion more adequately justified such a speech and there will be other such occasions - I fear - in the future.
3. The public is not prepared. Public acceptance and support - the unity of all the people - must come after the "All-out" speech. Nothing would be more disastrous than to have such a speech divide the country. I believe an "All-out" speech will have a divisive effect if delivered too soon. A series of Presidential and Cabinet speeches and Executive Department actions will be necessary to educate and inform the public to the point where the "All-out" message can be delivered and have the desired effect. The time to begin this education is now, and the forthcoming speech should be one of a series, building up as rapidly as possible to the great climax - the "All-out" speech.
4. The "All-out" speech delivered on the opening of the Moscow Conference would, in my opinion, destroy that Conference which gives promise of producing an acceptable Treaty of Peace for Austria, if not for Germany. The President must not be charged, as was Roosevelt, with torpedoing a major World Conference before it has had a chance.

For these reasons, I believe that next week's message should be limited in scope. I recommend as a subject "U.S. Responsibility for European Reconstruction."

Respectfully,

George M. Shuf

R

MARCH 15, 1947

CONFIDENTIAL: The following statement by the President MUST BE KEPT IN CONFIDENCE until released.

NOTE: Release is automatic at 10:00 A.M., E.S.T., today, Saturday, March 15, 1947. The same release applies to all newspapers, radio announcers and news broadcasters.

Please guard against premature publication or radio announcement.

ROOSEVELT A. AYERS

# STATEMENT BY THE PRESIDENT

I have just received two warm and appreciative messages from Greece, one from Prime Minister Metaxas and one from Mr. Theodoros Sophoulis, leader of the Parliamentary Opposition. Both of these messages welcome the prospect of the kind of American assistance which I recently requested Congress to authorize, and pledge the wholehearted support of the Greek people in devoting any aid that may be forthcoming to the purpose of constructive rehabilitation and the cause of peace and freedom. These two statements bear witness to the fact that all of the Greek Parliament, including the Opposition as well as those parties now represented in the Coalition cabinet, are prepared to cooperate unreservedly with the United States Government in its desire to assist Greece in restoring those basic conditions of economic stability and internal order which will allow the Greek people to build their future in peace and security.

I sincerely hope that these evidences of goodwill mark the beginning of a happier era for Greece, in which all loyal citizens will contribute their share toward the restoration of a country of whose democratic history they may be proud. It is also my profound hope that those Greeks who have taken up arms against their government will accept with confidence the amnesty which the Greek Government is extending to all except those guilty of crimes against the common law. The Greek people, aware of the sympathetic interest of the American people, will, I am sure, rally their strength to vitalize their national life, forgetting past excesses and looking courageously toward a hopeful future.

Following are the texts of the messages to the President from Prime Minister Metaxas and Mr. Sophoulis:

His Excellency  
Harry Truman,  
President of the United States,  
The White House,  
Washington, D. C.

My dear Mr. President:

It is with great emotion that I hasten to express to you the gratitude of the Greek Government, as well as my own, for your momentous address to Congress. It is destined to have a decisive influence on the future of the world, and especially on that of our Greek people. It is a great encouragement in the just and noble principles of freedom and democracy, which have long ago been proclaimed at the birth of this great nation. It is a source of pride and honor to the majority and distinguished



by free institutions, representative governments, free elections, and guarantees of individual liberty, has been ours for thousands of years. That is why we defied the Axis forces which accumulated upon our people innumerable calamities. That is also why we are not facing a subversive movement of a militant minority which is supported from abroad and is seeking to impose its will upon the majority of the people by force of arms and terrorism. This struggle is an exceptionally hard one because it has found the nation exhausted by the devastation wrought by war and occupation as your distinguished representatives in Greece, the Ambassador of the USA and the Chief of the American Economic Mission, have so accurately informed you. Its prolongation would definitely stop the economic recovery of our people and dangerously weaken the nation's capacity of resistance. That is why your announcement concerning the precious assistance of the great American democracy has revived the hopes of all of us and has convinced us that the time is no longer far when Greece, free from all trials, will regain her position among the happy and peace loving democracies of the world. You declare that you have condemned in the past and condemn now extremist acts, either of the right or of the left, and that in the past you have advised tolerance which you also advise now.

The Greek Government, chosen by the free will of the Greek people and based upon the confidence of its great majority, is exactly following the policy which you suggest by defending free institutions with conviction by enforcing a state of law for all and by offering an amnesty in order to put a quick end to the abnormal situation.

The Greek people are well aware of the importance of your assistance under the present circumstances and through us give you the unreserved assurance that they will prove themselves worthy of the solicitude and the confidence which you are extending to them, confident that the policy outlined by your address will soon bring peace and happiness to this part of the world and that Greece by recovering her tranquillity and applying herself undisturbedly to productive work will become an example for peace loving and progressive democratic peoples.

I assure you, Mr. President, of the eternal gratitude of the Greek nation. It is the honour to be, my dear Mr. President,

Yours faithfully,

D. KAXIROS, Prime Minister of Greece

THE PRESIDENT OF THE UNITED STATES, HARRY TRUMAN

Please accept the expression of our deepest gratitude for the valuable assistance which you have kindly proposed to Congress in favor of Greece for her economic rehabilitation, the stabilization of her freedom and independence, and for her internal pacification. The assistance of the United States and your wise advice condemning the extremes of the right and left and recommending a policy of toleration will also contribute, I am sure, to the internal pacification of Greece without further bloodshed.

THE WHITE HOUSE  
WASHINGTON

Copy given to  
Brouley Smith  
1600 / Monday 1972  
with request for  
clearance at State

---

Adams & Marshall both  
called C.I.C. - regarding  
edition last few sentences.  
which was done

MAY 19 1947

THE WHITE HOUSE  
WASHINGTON

John -

Kindly take a look  
at this and call me.  
If it seems O.K., I  
will clear it with  
State and then we  
will be ready.

Good!      Clark -  
John

The act authorizing United States assistance to Greece and Turkey, which I have just signed, is an important step in the building of the peace. Its passage by overwhelming majorities in both houses of the Congress is proof that the United States earnestly desires peace and is willing to make a vigorous effort to help create conditions of peace.

The conditions of peace include, among other things, the ability of nations to maintain order and independence, and to support themselves economically. In extending the aid requested by the members of the United Nations for the purpose of maintaining these conditions, the United States is helping to further aims and purposes identical with those of the United Nations. Our aid in this instance is evidence not only that we pledge our support to the United Nations but that we act to support it.

With the passage and signature of this act, our ambassadors to Greece and Turkey are being instructed to enter into immediate negotiations for agreements which, in accordance with the terms of the act, will govern the application of our aid. We intend to make sure that the aid we extend will benefit all the peoples of Greece and Turkey, not any particular group or faction.

We are guided by a great faith. We believe that freedom offers the best chance of peace and prosperity for all, and our desire

For peace cannot be separated from our belief in liberty. We hope that in the years ahead more and more nations will come to know the advantages of freedom and liberty. It is to this end that we have enacted the law I have now signed.

The [amplification] authorizing United States assistance to Greece

and Turkey, which I have just signed, is an important step in the building

of the peace. Its passage by overwhelming majorities in both houses of

the Congress is proof <sup>proof of the</sup> that the United States earnestly desires peace and is <sup>or</sup> willing to make <sup>at this point</sup> sacrifices to help create conditions of peace.

The conditions of peace include, among other things, the ability

of nations to maintain ~~internal~~ order and ~~internal~~ independence, to

support themselves economically, <sup>and to maintain friendly relations</sup>

<sup>inasmuch as the war has been</sup> political ~~conditions~~. In providing aid requested by the cabinet of the

United Nations for the purpose of maintaining these conditions, the

United States is helping to further aims and purposes identical with

those of the United Nations. Our aid in this instance is ~~positive~~ evidence

that we not only pledge our support to the United Nations but we are to

support it.

With the passage and signature of this act, our ~~representatives~~

to Greece and Turkey will be instructed to enter into immediate negotiations

for ~~the negotiation of~~ agreements which, in accordance with the terms of

the act, will govern the application of our aid. We intend to make sure

that the aid we ~~are extending~~ will benefit the ~~entire~~ people of Greece

and Turkey, not any particular group or faction.

See.

and benefit ~~the~~ people of Greece and Turkey

We are guardians of a great faith, and our desire for peace  
cannot be separated from our belief in <sup>human</sup> ~~human~~ liberty. We hope that in  
the years ahead more and more people throughout the world will move  
toward freedom and democracy. While we do not propose to force our ideas  
upon any nation, <sup>we</sup> believe <sup>that</sup> it is human freedom <sup>which</sup> offers the best  
chance of peace and prosperity for all.

The price that free men pay for peace is the obligation always  
to be strong and vigilant in keeping the peace.

~~Draft of a Statement to be issued by  
the President at the Time of His Signing  
of the Greek-Turkish Aid Act~~

The legislation authorizing United States assistance to Greece  
and Turkey which I have <sup>just</sup> ~~now~~ signed is an important step in the  
building of the peace. Its passage by overwhelming majorities  
in both Houses of Congress is proof that the United States ~~not~~  
~~only~~ <sup>and</sup> earnestly desires peace ~~but~~ <sup>that</sup> ~~(that it)~~ is willing to make sacrifices  
to help create conditions of peace.

The conditions of peace include, among other things, the  
ability of nations to maintain internal order and external independence,  
to support themselves economically, and to maintain orderly and  
peaceful political processes. In granting aid requested by two  
members of the United Nations for the purpose of maintaining these  
conditions, the United States is helping to further aims and purposes  
identical with those of the United Nations. Our aid in this instance  
is further evidence that we not only pledge our support to the United  
Nations but we act to support it.



We are guardians of a great faith, and our desire for peace cannot be separated from our belief in human liberty. We hope that in the years ahead more and more people throughout the world will move toward freedom and democracy. While we do not propose to force our ideas upon any nation, we believe it is human freedom which offers the best chance of peace and prosperity for all.

The price that free men pay for peace is the obligation always to be strong and vigilant in keeping the peace.

With the passage and signature of this Act, our Ambassadors to Greece and Turkey will be instructed to enter into immediate negotiations for the conclusion of agreements which, in accordance with the terms of the Act, will govern the application of our aid. We intend to make sure that the aid we are extending will benefit the whole peoples of Greece and Turkey, not any particular group or faction. ~~I plan to send to the Senate within a few days the legislation of the war and will not be made of money by Greece and Turkey about the terms of this act.~~

(A)

9 The price that you men pay for peace is the obligation always to be strong and vigilant in keeping the peace.

There is before me for signature the  
legislation authorizing an expenditure of \$10,000,000  
to aid for Greece and Turkey -- a wholly bipartisan  
bill approved by large majorities in both Houses.

*The Congress has  
acted favorably  
on my request  
L.H.*

I have asked you to join us here so it  
is signed so that I might have occasion to comment briefly  
on its significance to you all.

The whole world needs peace -- peace for  
all time. Foremost in the action we are taking is the  
determination of the people of the United States to do  
everything within their power to help achieve that goal.

(A) We are guardians of a great faith, and our  
desire for peace cannot be separated from our belief in  
human liberty. We hope that in the years ahead more and  
more people throughout the world will move toward freedom  
and democracy. While we do not propose to force our ideas  
upon any nation, we believe it is human freedom which offers  
the best chance of peace and prosperity for all.

After fighting in the bitter, costly and  
destructive wars in other hemispheres, we have come to the

clear realization that our peace and security and the way of life which is dearer to us than life itself can be threatened by events thousands of miles from our shores. We know now that we must find peace and security, not in our continent, nor in our hemisphere, but in our world.

We know, too, that it is better to meet dangers when they are - 11 - to meet early in matters affecting the peace of the world on which our own security depends. Our interpretation is to strike at the roots of war by courageous and cooperative action. If we are to remain free, we have no alternative.

The people of Greece and Turkey need our prompt aid if they are to be allowed to manage their own affairs the way they want to -- if they are to be free to act as independent nations. In any other economic and political sphere, we believe our own security and the peace of the world may be threatened.

What we are doing today we may need to do elsewhere tomorrow or next year or ten years from now -- alone, or jointly through United Nations. Whatever the cost, it will be infinitely less than the cost of war itself.

This is not a new doctrine, but a doctrine as old as men and nations. The price that free men pay for peace is the obligation always to be strong and vigilant in keeping the peace.

I am ~~very~~ proud to sign this bill here, now, in your presence.

THE SECRETARY OF THE TREASURY  
WASHINGTON  
25

May 23, 1947

Dear Clark:

This is with further reference to my letter of May 21 relative to the Greek aid program.

There is attached for your information a memorandum giving a detailed comparison of the Treasury draft (revised) and the latest State draft of the proposed agreement with the Greek Government.

Needless to say, we do not consider all of the differences between our draft and the State draft as vital. The core of our view is set forth in Article IV of the Treasury draft. We also attach great importance to the statement of objectives in Article I. The other differences between the two drafts are subsidiary and in the main technical.

As further improvements in the Treasury draft are made, they will be promptly transmitted to you.

Sincerely,

*a/ JOHN*

Honorable Clark M. Clifford  
Special Counsel to the President  
The White House  
Washington, D. C.

Enclosures

May 29, 1947

COMPARISON OF TREATY AND STATE DEPT. OF APRIL 1947

(RE AGREEMENT WITH GREECE)

EXHIBIT 10

[Notes: Ordinary type indicates language common to both the State and Treasury drafts. Underlined type represents language to be found only in the Treasury draft. Type struck over by hyphens represents language to be found only in the State draft (Doc. 1000 910-B/11b, dated May 20, 1947). Where changes have been made solely from a drafting standpoint, no explanatory note is given.]

1000 910-B/11b

1000 910-B/11b

- (1) The Government of Greece having requested the Government of the United States of America for financial, material and technical assistance to avert economic crisis, promote national recovery, and restore internal tranquility; and

- (2) The Congress of the United States, in the Act approved May 22, 1947, having authorized the President of the United States to furnish such assistance to Greece, ~~on terms consistent with the sovereign independence and security of the two countries on such terms as he may determine; and~~

[Notes: The deleted words do not appear anywhere in the statute or the President's message. A brief mention of "sovereignty" appears in the Report of the Senate Committee. Their meaning is unclear and they might give rise to fruitless controversy over the basic rights and duties of the two Governments under the Agreement.]

- (3) The Government of Greece, in a note to the Government of the United States of \_\_\_\_\_, 1947, having proposed certain measures within Greece which it deems essential to the effective use of United States assistance and of Greece's own resources in promoting reconstruction and recovery in Greece as soon as possible; and

- (4) The Government of the United States and the Government of Greece believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations and will further strengthen the ties of friendship between the American and Greek peoples;

3 The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

- (5) The Government of the United States of America and the Government of Greece have agreed as follows:

Article I - Objectives

4 [Notes: This Article appears only in the Treasury draft. It is based on the premise of the legislation and the President's message.]

B F

- (4) It is the objective of this Agreement
- (7) (1) To make possible the maintenance of the internal security and the national integrity and survival of Greece as a free self-respecting democracy and thereby to contribute to the security and independence of all freedom-loving peoples;
- (9) (2) To help Greece to become as soon as possible a self-sustaining democracy by establishing conditions of economic recovery and laying the foundation for the reconstruction of the Greek economy through the development and effective use of her own resources;
- (10) (3) To provide for joint programming by the Government of the United States and the Government of Greece in the formulation and development of current assistance in a manner consistent with the longer-range requirements of the reconstruction of the Greek economy;
- (11) (4) To aid Greece in the recovery and reconstruction of her economy in order to make Greece less dependent upon external assistance and
- (12) (5) To aid Greece, to the extent that further external assistance is needed, in qualifying for more active participation in the benefits flowing from her membership in the International Monetary Fund, the International Bank for Reconstruction and Development, and appropriate agencies of the United Nations;

Article II - Assistance from the United States

[Note: This Article remains the same as State's Article I except for the addition of the phrase "within such periods as may be authorized by law". This addition is necessary in order to avoid misinterpretation of certain clauses relating to longer-range programs. It was used in the Lend-Lease Pipeline Agreements for that purpose.]

- (13) Within such periods as may be authorized by law, the Government of the United States will furnish the Government of Greece such assistance as the President of the United States may authorize to be provided in accordance with the Act of Congress approved May 22, 1947, and any Acts amendatory or supplementary thereto.

Article III - The American Mission

(14) [Note: This article is a clarification of the powers of the Mission which are exercised through State's Articles III, V, and VI. State's Article IV is omitted in its entirety in lieu of Article IV of the Treasury draft. The changes in (13) and (17) are required under the approval approach of Article IV of the Treasury draft.]



RECEIVED  
1947. 11.

- (13) 1. The Government of the United States will send to Greece a mission to be known as the American Mission for Aid to Greece (hereinafter referred to as the American Mission). The Chief of the American Mission designated by the President of the United States will represent the Government of the United States on matters relating to the assistance furnished to Greece under this Agreement. The Chief of the American Mission will determine, in consultation with representatives of the Government of Greece, the terms and conditions upon which specified assistance shall from time to time be furnished under this Agreement, will supervise the execution of this Agreement, and will exercise all the powers duly conferred upon the American Mission for the purpose of insuring that this Agreement and the programs approved pursuant hereto are properly and efficiently administered.
- (14) 2. The Government of Greece will furnish all practicable assistance to the American Mission to facilitate the performance of its functions, the movement of mission personnel to, in or from Greece, the employment of Greek nationals and residents, the acquisition of facilities and services, and the performance of other activities of the Mission. The personnel of the American Mission and the property of the Mission and its personnel shall enjoy in Greece the same privileges and immunities as are enjoyed by the personnel of the United States Embassy in Greece and the property of the Embassy and its personnel.
- (15) 3. The Government of Greece will permit the members of the American Mission to observe freely the utilization of assistance furnished to Greece by the United States.
- (16) 4. The Government of Greece will maintain such accounts and records, will furnish the American Mission such reports and information, and will make available all facilities for obtaining such information as the Mission may request for the performance of its functions and responsibilities.
- (17) 5. Wherever the approval or consent of the American Mission is required under the provisions of this Agreement or any other agreement relating hereto, the Chief of the American Mission is authorized to give such consent or approval.

Article IV - Greek Program

- (18) The Government of Greece will make effective use of any assistance furnished to Greece by the United States and of Greece's own resources in order to advance reconstruction and secure recovery in Greece as soon as possible. To this end the Government of Greece has already undertaken to effectuate the measures proposed in its note of 1947 to the Government of the United States, and will take such further administrative and legislative action as may be necessary.

- 4 -

b h  
↓

[Note: The foregoing is taken from State's Article II. The following is new and constitutes the core of the Treasury draft. It requires -  
the Greek Government to develop program of recovery and reconstruction for the approval of the American Mission. It is in line of State's Article IV, which reads as follows: "The American Mission will provide such advisory assistance and will exercise such functions as are necessary and proper to assist the Government of Greece to make the most effective use of any assistance furnished to Greece by the United States and of Greece's own resources and thereby to advance reconstruction and secure recovery in Greece as soon as possible. Certain of these functions are contained in the measures proposed by the Government of Greece in its note of \_\_\_\_\_, 1947."]

19) The Greek Government will draw up promptly in cooperation with the American Mission, programs for the recovery and reconstruction of Greece, to be realized by stages, and further agree that it will act in accordance with such programs. These programs will be submitted to the American Mission for consideration and approval in the light of the objectives of this Agreement. The Greek Government further agree to carry out these approved programs and to take such administrative and legislative action as the American Mission, upon the basis of investigations of relevant factors, may deem necessary to the achievement of the objectives of this Agreement.

20) [The Treasury Department believes that the Agreement should include at this point an enumeration of the types of program to be covered. From the financial point of view, the following should be listed, inter alia:

1. Determination of components of U. S. assistance;
2. Fair and equitable distribution of goods and services;
3. Increase in earnings of foreign exchange;
4. Controls over the acquisition and allocation of exchange;
5. Budgetary controls over all governmental expenditures;
6. Rehabilitation of the revenue system with the fullest regard for the principle of ability to pay;
7. Monetary and financial problems, including the immediate cessation of the sale of gold by governmental agencies; and

Such other matters as may be judged appropriate by other U. S. Government agencies.

21) Assistance to Greece will be furnished or continued by the United States only in accordance with programs approved by the American Mission.

\*\*\*\*\*

Article I - Preamble

- (22) The Government of Greece will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the payment of any payment on account of the principal or interest on the loan made to it by any other foreign government.

[Note: This article is identical with Article I of the  
Article IV. The following agreement was in the  
Presidential Decree.]

- (23) The Greek Government will not, except with the approval of the United States Government, allocate any funds or make available any foreign exchange for payment of principal or interest or both on the foreign indebtedness now in suspense of the Greek Government and of all public and private debtors.

Article VI - Publicity

[Note: This article is identical with Article VI of the  
Article VII, except to broaden the scope of  
publicity.]

- (24) The Government of Greece and the Government of the United States will cooperate in ensuring the people of the United States and Greece full information, consistent with the security of the two countries, concerning the assistance furnished to Greece by the United States, in pursuance of this Agreement. To this end --

- (25) (1) representatives of the press and radio of the United States will be permitted to observe freely and report fully regarding the utilization of such assistance; and

- (26) (2) the Government of Greece will afford the American Mission opportunity for, and will cooperate with it in providing, full and continuous publicity within Greece, including periodic reports by the Mission, as to activities under this Agreement and the purpose, source, character, scope, results, and progress of such assistance of the administration of the program approved pursuant to this Agreement.

Article VII - Security and Transfer Requirements

[Note: This article is identical with Article VII of the  
Article VIII]

- (27) The Government of Greece will make such provisions as may be required by the President of the United States for the security of any article, service, or information rendered pursuant to this Agreement.

~~SECRET~~

- 6 -

CONFIDENTIAL

100 00

- (28) It will not transfer, without the consent of the President of the United States, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Government of Greece or for any purpose other than that for which the article or information is furnished.

Article VIII - Amount and Terms of Credit

[Note: This Article appears only in the Treasury draft. In accordance with the testimony of Messrs. Clayton and Acheson, the Greeks are required to assume a credit for "wealth producing" aid while military and consumption items would be a grant. Unless this policy decision is taken now it is probable that the question will be decided by default.]

- (29) All assistance to Greece other than military and relief or consumption goods will constitute an obligation of the Greek Government, to be computed on the basis of landed cost, expressed in U. S. dollars, to be repaid over a period of fifty years in forty-five equal annual installments commencing July 1, 1958 at a rate of interest of 2 percent. Interest for the year 1958 will be computed on the amount outstanding on December 31, 1958, and for each year thereafter. Interest will be computed on the amount outstanding on January 1 of each such year. Each installment will consist of the full amount of interest to and the remainder of the installment shall be the principal to be repaid in that year.

- (30) In any year in which the Government of Greece requests the Government of the United States to waive the amount of interest due in the installment of that year the Government of the United States will grant the waiver if the Government of the United States deems it necessary in view of the present and prospective conditions of international exchange and the level of the gold and foreign exchange reserves of Greece.

Article II - Withdrawal of Assistance

[Note: This Article is essentially the same as State's Article I except that it is made to conform strictly to the terms of the statute, to strengthen the provisions of (13), and to add a clause retaining full discretion in the President to withdraw assistance whenever he deems such action is in the interest of the United States. The last addition is in accordance with the practice followed in the Lend-Lease Agreements.]

- (31) Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn:

SECRET

~~SECRET~~

- 7 -

REF ID: A66666

- (32) (1) If requested by the Government of Greece, representing a majority of its people;
- (33) (2) If the Security Council of the United Nations finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations makes the continuance of assistance by the Government of the United States pursuant to this Agreement unnecessary or undesirable;
- (34) (3) ~~Under any of the other circumstances specified in section 5 of the aforesaid Act of Congress,~~ If the President of the United States finds that the undertakings assumed by the Government of Greece as set forth in this Agreement, or any subsequent agreement, are not being carried out, or
- (35) (4) ~~If the Government of Greece does not take reasonable steps to effectuate those measures proposed in the Act of \_\_\_\_\_, 1947 or subsequently agreed upon which are essential to reconstruction and recovery in Greece. If the President of the United States finds that any of the purposes of the Act of Congress approved May 21, 1947, have been substantially accomplished by the action of any other inter-governmental organizations or finds that the purposes of that Act of Congress are incapable of satisfactory accomplishment, or otherwise determines that such withdrawal is in the interest of the United States of America.~~

Article I - Effective Date

[Note: This Article is identical]  
[with State's Article II.] ]

- (36) This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Article II - Registration with United Nations

[Note: This Article is identical]  
[with State's Article III.] ]

- (37) This Agreement shall be registered with the United Nations.

Done in duplicate, in the English and Greek languages, at Athens Washington, D. C., this \_\_\_\_\_ day of \_\_\_\_\_, 1947.

For the Government of the United States  
of America.

For the Government of Greece

SUGGESTED DRAFT 3/7/47

The President's Message to Congress  
on the Greek Situation

I lay before you today for consideration and decision a grave problem affecting our foreign relations and our national security.

The British Government has informed the Government of the United States that it will be obliged in the very near future to discontinue its program of financial and economic assistance to Greece.

The Secretary of State has received from the Greek Government an urgent appeal for financial, economic, and expert assistance from the United States.

Assistance is imperative, the Greek Government says, if Greece is to survive as a free government. Greece is today without funds to finance the importation even of those goods which are essential for bare subsistence. Under these circumstances, the Greek Government informs us, the people of Greece cannot make progress in solving

B Fi

problems of reconstruction. The Greek Government therefore asks for financial and economic assistance for the following purposes:

In order to enable Greece immediately to resume purchases of food, clothing, fuel, seeds, and the like, that are indispensable for the subsistence of her people and that are obtainable only from abroad;

In order to enable the civil and military establishments of the Greek Government to import the goods necessary for restoration of that tranquillity and internal security which are essential for economic and political recovery;

And in order to enable Greece to create conditions which will make possible future self-support.

Finally the Greek Government asks for the assistance of experienced American administrative, economic and technical personnel to insure the utilization in an effective manner of the financial and other assistance given to Greece, and to

B File

help in bringing about a healthy condition in the domestic economy and public administration.

The Greek Government expresses its determination to make Greece a self-supporting and self-respecting democracy, but states that because of dire circumstances it must have aid from the outside.

I do not believe that the American people or the Congress would wish this Government to turn a deaf ear to this desperate appeal. I therefore ask you to grant to the Executive sufficient authority to extend to Greece the assistance required by the circumstances.

The British Government has also informed us that it will no longer be in position to grant financial or economic assistance to Turkey. I also ask, therefore, -- for reasons which I shall outline -- that Congress grant to the Executive sufficient authority to extend needed assistance to Turkey.

In taking these steps I am fully aware of their larger



B File



implications, and I wish to present some of these to you.

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. This was one of the fundamental issues in the war with Germany and Japan. Our victory was won over countries which sought to impose their will upon other nations.

In order to create conditions for peaceful development of nations free from coercion, the United States has taken a leading part in establishing the United Nations, which is designed to make possible freedom and independence for all its members. We will not go very far in realizing our objectives, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that the imposition of totalitarian regimes on free peoples, by direct or indirect aggression, saps the very foundations of international peace

and the security of the United States.

An appraisal of the present world situation shows that majorities in a number of countries of the world have had totalitarian regimes imposed upon them against their will. In recent months the Government of the United States has made frequent protests against coercion and intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I must also state that in a number of other countries there have been similar developments.



At the present moment in world history nearly every nation is confronted with alternative ways of life. And the choice is too often not a free one. One way of life is based upon the will of the majority, free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression. The second way of life is based upon the imposition of the will of a minority upon a majority, upon control of the press and other

B File

means of communication by a minority, and upon terror and oppression.

I believe that it must be the policy of the United States to give support to free peoples who are attempting to resist subjugation by armed minorities or outside forces. It must be our policy to assist free peoples to work out their own destiny in their own way.

It is imperative to our security that we help the Greek nation to preserve its free institutions. Our help must be primarily in the form of the economic and financial aid which is necessary for the creation of a stable economic structure in Greece.

The Charter of the United Nations presupposes a world of free nations. In helping such nations to maintain their freedom and independence, the United States would be giving effect to the purposes and principles of the Charter.

It would be an unspeakable tragedy if countries, such as

E F

Greece, which have struggled so long for their independence against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disasters not only for them but for the world. Discouragement and possibly failure would quickly be the lot of neighboring peoples engaged in a struggle to maintain their freedom and independence. A chain reaction of this sort would very quickly undermine our national security.

The world is not static. The status quo is not sacred and unchangeable, but as Secretary Byrnes said a year ago, "we cannot overlook a unilateral gnawing away at the status quo. The United Nations Charter," said Mr. Byrnes, "forbids aggression and we cannot allow aggression to be accomplished by coercion or pressure or by subterfuges such as political infiltration".



Greece has never been a rich country. Poverty of natural resources has always required that the Greek people work hard in order to make both ends meet. This hard-working and peaceful

B. File

people have since 1940 suffered invasion, four years of cruel enemy occupation, and internal strife amounting at times to civil war.

When British forces of liberation entered Greece they found that the retreating Germans had destroyed all means of communication. Port facilities had been wrecked, roads had degenerated into a succession of pot holes, telecommunications were almost non-existent, and ninety percent of the Greek merchant marine, which had totaled two million tons before the war, had been sunk. In all Greece there remained only six locomotives and less than 100 freight cars. Railway tracks had been systematically ripped up. More than a thousand villages had been burned. Eighty-five percent of the children were tubercular. Livestock, poultry, and draft animals had almost disappeared. And inflation had wiped out practically all savings.

It is not surprising that a militant minority should have been able to exploit the frightful conditions under which the

E 5

Greek people have been obliged to live. This internal strife has generated a political instability which has made it impossible to get the country's economy on its feet.


The United States has already extended to Greece certain types of relief and economic assistance. These are inadequate. There is now in Greece, at the request of the Greek Government, an American Economic Mission examining the needs of the Greek economy. Although the investigations of this Mission are not complete, its preliminary reports, and the reports of the American Ambassador, corroborate the statement of the Greek Government as to the urgent need for further aid.

The Greek Government in power today represents eighty-five percent of the members of the Greek Parliament. The elections for the Greek Parliament, it will be recalled, were held last March under the eyes of fifteen hundred American, British, French, and South African observers invited by the Greek Government. These observers spent the two months preceding the elections observing pre-election conditions throughout Greece and

B F

it is their opinion that the elections were fair and that the present Parliament is the true choice of the majority of voters. Certain political groups representing at most about fifteen percent of the electorate abstained from the polls, but a great majority of those eligible to vote cast their ballots.

No government is perfect. One of the chief virtues of democracy, however, is that its defects of government are always visible and under democratic processes can be pointed out and rectified. Greece's government is not perfect. It has been operating in an atmosphere of chaos and extremism, and it has made mistakes. The extension of aid by this country does not mean that this Government condones everything that the Greek Government has done or will do. We have condemned in the past and we do condemn now any extremist measures of the right or of the left. We have in the past advised tolerance and we advise it now.



The very existence of the Greek State is today threatened

b 7

by the armed depredations of several thousand political dissidents, led by Communists, who defy the Government's authority at a number of points, particularly along the northern boundaries. A Commission appointed by the United Nations Security Council is at present investigating disturbed conditions in northern Greece and reported border violations along the frontier between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other.

Meanwhile the Greek Government is unable to cope with the situation. The Greek Army is small, and poorly equipped. If that Army is to be effective in restoring the authority of the Greek state throughout its territory, it will require supplies and equipment to permit its reorganization; and it will require a better functioning economy to support it.

If Greece is to have help in this critical situation, the United States must supply it. There is no other country to which democratic Greece can turn.

R E



The British Government, which has been assisting Greece, has informed us that it can give no further financial or economic aid in this crisis. Great Britain finds itself under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece and Turkey. It would be difficult to over-emphasize the importance of these developments to the United States and to American foreign policy.

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation is of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon her neighbor, Turkey, would be immediate and serious. Indeed, confusion and disorder might well spread throughout the entire Middle East.



Nor is this all. There are countries in Europe whose people are struggling against great difficulties and impediments to maintain their freedoms and their independence while they

repair the damages of war. Should Greece fail in her struggle, the effect may be far-reaching to the West as well as to the East.

The future of Turkey as an independent and economically sound state is clearly no less important. Turkey has happily been spared the disasters that have beset Greece. And during the war the United States and Great Britain furnished Turkey with very material aid. Since the war, however, Turkey has sought additional financial assistance from both Great Britain and the United States for the purpose of effecting that modernization of its defensive establishments that the maintenance of its independence requires.

The British Government has informed us that due to its own difficulties, it will not be in a position in the future to extend further financial or economic aid to Turkey.


It is therefore my opinion that assistance should also be given to Turkey. We are the only country able to give that

B F

help, and it is in our vital interest to do so.

The situation, in my opinion, requires immediate and resolute action.

I therefore ask the Congress to act with the greatest speed in providing authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into consideration the maximum amount of relief assistance which it is contemplated would be furnished to Greece out of the \$350,000,000 which I recently requested that the Congress authorize for the prevention of starvation and suffering in countries devastated by the war.



In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in tasks of maintenance and reconstruction, and for the purpose of supervising the use of such financial and

E

material assistance as may be furnished. I recommend that authority also be provided for the instruction and training of selected Greek and Turkish personnel.

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies and equipment, of such funds as may be authorized.



If further funds, or further authority, should be needed for purposes indicated in this message, I shall not hesitate to bring the situation before Congress. This is a time when the Executive and Legislative branches of the Government must work together expeditiously, and in close coordination, to ward off dangers which are no less certain to affect the peace, security, and prosperity of the nation because they are a step removed in time and space.

DRAFT 3/3/47

*Drafted over emergency rough - and  
wreck 2-3. Draft - in  
Hoff - in  
arrived at a  
time.*

Suggestions for the President's message to Congress in  
regard to the Greek situation.

I lay before you today one of the gravest problems of national  
security ever to confront the nation. We are face to face with a crisis  
in foreign policy. It is a crisis less serious than a crisis of arms  
only because there is still time to work out a program of peaceful  
negotiation. But upon the decisions that rest be made now will depend the  
security and well-being of the American people.

The British Government, through its Ambassador in Washington, has  
informed the Government of the United States that as of March 31 it will  
be obliged to discontinue its program of economic assistance to Greece.  
The British Government has also informed us that it will not be in  
position to extend further financial or economic aid to Turkey.  
*76.6404 of 1/2 in 7000.3 as per... on 1/6/47*  
The setting in which these developments must be viewed is one of  
acute economic weakness and financial stringency in Great Britain, which  
imposes upon that country the necessity of reducing or liquidating its  
commitments not only in Greece and Turkey but in other parts of the world,  
notably in Egypt, Palestine, India and Burma.

The situation with which we have to deal, therefore, is no sudden  
and limited occurrence. It is the culminating development in a long

historical

R File

historical process, and it is as wide as the world.

Our nation has existed ever since its birth in a world in which economic and military strength has been distributed among a number of <sup>countries</sup> ~~states~~, and in which, until recent years, British foreign policy backed by British industrial and financial and naval strength has maintained a balance of power and thus a measure of order. Now, the shambles of war have replaced economic and military strength in many countries of the world and Great Britain, though a survivor, has been so weakened in two world wars that it is no longer equal to its historic task. Notwithstanding that Greece and Turkey are the keys to the Mediterranean and the entire Middle East, the British Government ~~is obliged to admit that it~~ is no longer able to extend the economic aid to those countries which the preservation of democracy and independence there may require. As I speak to you today I am deeply conscious that a page in history has been turned.

We must face frankly the gravity of this situation and consider calmly the proportions of the problem that it poses for the United States.

We have hope that the United Nations, now a fledgling organization, will in time achieve power in its own right, but today its ability to keep the peace is largely dependant upon the underlying structure of power relationships.

We are thus forced back finally and irrevocably upon our own policy, our own strength. If there are any forms of government or principles we wish to see survive in this world, it is up to us to see to it that they survive. For not since ancient times has there been such a polarization of power on this earth. Not since Athens and Sparta, not since Rome and Carthage, has economic and military strength been divided so preponderantly between two states.

We must decide today whether, and to what extent, we in the United States are going to support free peoples and democratic governments in their efforts to survive post-war chaos. For if we do not extend aid on a scale sufficiently broad, economic disorganization and human despair in large parts of Europe and Asia will inevitably yield to Communism. If that should happen, the cost of defending the freedom and independence of this country and this hemisphere would be very

R File times

times multiplied, and the probability of success in that undertaking sharply reduced.

The situation in Greece is the most urgent case in point. British retrenchment there raises for immediate decision the question of what the United States is going to do to support a stable economy and democratic form of government in that strategically situated country.

Here we come up against the historic process of quite a different order, and I am compelled by the seriousness of the situation to describe it with almost sadness.

During the past 18 months, while the Secretary of State and his Senatorial advisors have gone from conference to conference in a strenuous and sincere effort to hold together the core of international cooperation, anti-democratic forces in many countries of the world have gathered strength and momentum, and the position of the democracies has materially deteriorated. Communism thrives on hunger, economic breakdown, fear, and hopelessness; and we have only to look about us to see that these have become primary conditions of life in a large part of the world ravaged by war. Desperate people will bargain away their freedom for a day's sustenance.

B File <sup>at</sup>



nd the  
followed  
the  
work of  
war.

**Tell us the danger you're in Green.**

~~It is not a political system~~ The events that usually follow upon Government Control of a government are called Communism. Communism is an exact analogy of slavery, of competition, of socialism, of freedom, of dictatorship, of things we all train a healthy law. In the United States and other democratic countries. Communism

Wien 1874. 12. 18. 1875. 12. 18. 1876. 12. 18.

B Filé

March 3, 1947

Intelligence Requirements of Greece

The enemy occupational forces, as they withdrew from Greece in the autumn of 1944, left a country prostrate and demoralized in all aspects of the national life. It was deliberate German policy to destroy Greek economy and to encourage internal factionalism to such an extent that a liberated Greece could have slight prospects of normal recovery in the foreseeable future and would therefore become a liability rather than an asset to the Allies in those areas it had suffered physical and moral devastation.

Although Greek cities had not been subjected to heavy bombing and although the withdrawing Germans did not seize up the Marathona dam (upon which Athens, swollen by perhaps 300,000 refugees, depended for its very existence), the damage inflicted on the country was sufficient to result in almost complete paralysis. Greece, which in normal times was unable to meet its food requirements without heavy imports, had been kept alive during the war by an Allied relief program (mainly U.S.) which had eventually received 30,000 tons per month through the blockade, and the extremely tight shipping situation during many months following liberation meant that almost no imports could reach Greece except those essential commodities procured by UNRRA.

During the occupation of Greece many guerrilla groups were organized to harass the Germans. However, personal and political rivalries, of which the occupation authorities took full advantage, led to dissipation of much of their strength in fighting among themselves. The two groups which finally absorbed or destroyed the smaller guerrilla organizations were the Communist-run EAM (National Liberation Front) with its army known as ELAS and its smaller rightist rival EDES under the leadership of General Kostas. For a period of about twelve months (from late 1942 to late 1943) when harmony prevailed among the guerrillas, notable successes were achieved against the Germans, but their political differences could not be adjusted. EAM eventually was instrumental in setting up a Political Committee, or "Government of the Mountains", which negotiated with the Greek Government-in-Exile and succeeded in reaching an agreement, on the eve of liberation, whereby EAM had five ministers in the Government. At about the same time both EAM and EDES signed the "Quartet Agreement" placing themselves under orders of the Greek Government and General Wilson, Allied Commander of the Mediterranean Theatre. By a military decision of the Combined Chiefs of Staff, which was approved by the UNRRA, the British were assigned sole responsibility for military operations involved in the liberation of Greece. As a result, Allied occupation of Greece was a completely British operation, with the exception of approximately thirty U.S. officers attached to British Land Forces in Greece for the purpose of assisting in coordinating the pro-UNRRA civilian relief program.

When the liberation forces entered Greece they found near starvation and superficial devastation that had been expected. However, the results of occupation soon manifested themselves. The retreating Germans had completely destroyed all means of communication; port facilities were wrecked; roads and canals had been converted into series of potholes; telecommunications were almost non-existent; and 90 percent of the Greek merchant marine (which had totaled 2 million tons before the war) had been sunk. More than 1,000 villages had been burned. Eighty-five percent of the children were tubercular; livestock, poultry, and draft animals had almost disappeared. In all of Greece, according to one early report, there remained only six locomotives and less than 100 freight cars. Railways had been systematically ripped up, and the Corinth Canal dynamited. The pricing process had been steadily at work, so that inflation mounted steadily until, when the system was essentially "stabilized", it was at the astronomical rate of 4 billion to one, thus wiping out all savings.

Irreconcilable differences between the EAM ministers and the other cabinet members soon came to a head over plans for declaring all "irregular" forces, and shots fired during two courses of a demonstration on September 1, 1944, set off a civil war in which British troops came to the aid of the government, which, as the legally constituted Government of Greece, Britain was bound to defend. Before the peace terms stipulating that disarmament and plebiscite and elections under Allied supervision within the year had been signed at Yalta on February 12, 1945, the King had appointed Archbishop Damaskinos as Regent and officially stated that he would not return to Greece until called by the will of the people.

U.S. interest in the reestablishment of political stability in Greece has been demonstrated by our participation during the past year in two Allied missions conceived in the spirit of the Yalta declaration—one to observe the general elections of March 31, 1946 (U.S.-U.S.S.R.-France, with USSR refusing the Greek invitation because it did not approve of "interfering in the internal affairs of another country") and one to observe the revision of Greek electoral lists prior to the plebiscite of September 1, 1946. The first mission (AFPOG I) reported that the elections were fair and free, and that they represented the will of the majority of the Greek people, in spite of the organized obstruction of the Communist-dominated LSE. The second mission (AFPOG II), after having satisfied itself that the revised electoral lists were accurate enough to serve as a basis for consulting the Greek people on important national questions, remained in Greece at the insistence of the Greek Government for an informal observation of polling on the day of the plebiscite. Although there were unquestionably some irregularities and although the Greek Government resorted to some unfair practices in order to influence results, it was felt that the outcome represented the will of the majority of the Greek people, though not to the extent that the official Greek figures indicated. Almost everyone connected with Greek affairs has the considered opinion that, in spite of the previous feelings of the Greek people, the excesses committed by EAM during the civil war of 1944-45 as revealed public opinion that the king's return would have been voted by varying majorities at any time after that date.

Both Allied missions found that the presence of British troops had practically no effect on the outcome of the two national polls. Instead, the British troops have been a stabilizing influence, and their withdrawal at this time would probably result in such a lack of internal order that the Government could no longer remain master in its own house but would fall victim to an extreme left-wing dictatorship sponsored from outside the country and would probably be unable to prevent the loss of Macedonia, which would combine with Yugoslav Macedonia and the Pirin district of Bulgaria to become an "autonomous" state in a South Slav Union.

There can be no question that the steadily deteriorating economic conditions and worsening of internal order, although suggested by the unenlightened partisan behavior of the dominantly Populist (royalist) Government, are primarily the responsibility of the Communist-controlled left movement in Greece. These two activities, directed and incited from outside the country, are part of a master plan to separate Macedonia from Greece and to cause untenable any Greek Government not subservient to Soviet aims. Because of its geographic position and the fact that it is the only Balkan country not dominated by the USSR, Greece is the last obstacle in the Soviet path to the Aegean and Eastern Mediterranean. U.S. representatives in Greece have become convinced that the increasing efficiency of Greece's northern neighbors and of EAM (which are assumed responsibility for the present guerrilla fighting by offering the Government a truce since the "democratic army" on EAM's own terms) is an indication of Soviet belief that Greece is a "ripe plum ready to fall into Soviet hands" and is a few weeks through lack of support by the western democracies. Since 1943 Moscow has made intensive efforts to destroy all factions in the Greek Government not amenable to Soviet influence and to establish a corrected form of Soviet power in that country. At the time since Greek liberation has the Soviet press and radio waged its violent campaign of vilification and distortion, the purpose of which obviously has been to undermine confidence in British and U.S. intentions and actions regarding Greece, to confuse the realities of the Greek situation and to lead international public opinion to a point where, believing it to be the only true democratic and EAM opponents to be fascist without exception, it would insist on the removal of British troops and the transfer of power to EAM. In the opinion of veteran U.S. representatives EAM is not a "friend" or ally of the USSR; it is an instrument of Soviet policy.

Three times within the past year (twice by Soviet maneuvering) the Greek question has figured prominently in the United Nations. In January 1946, apparently to effect the Iranian case, the USSR presented to the Security Council the question of the presence of British troops in Greece. In August 1946 the Ukrainian SSR filed with the Security Council a complaint which, besides consenting unfavorably on the presence of British troops in Greece, accused the Greek Government of systematic frontier incidents and

propaganda against Albania in order to obtain Albanian territory and alleged Greek persecution of minorities in Macedonia, Thrace, and Epirus. A Soviet-sponsored resolution condemning Greece was rejected by a vote of 9 to 1. The U.S. resolution calling for investigation of both sides of Greece's northern frontier failed to pass because of a Soviet veto.

Early in December the Greek Government filed a complaint with the Security Council which stated that a situation had been created which was "leading to friction between Greece and her neighbors" by reason of the fact that Albania, Yugoslavia and Bulgaria were "lending their support to the violent guerrilla warfare now being waged in Northern Greece against public order and the territorial integrity" of Greece. After some days of debate along predictable lines, the Council adopted a U.S. resolution establishing a Commission of investigation to examine and report in all four countries and to make any proposals deemed wise for settling a cessation of border violations and disturbances in these areas. The Commission has been in Greece since the end of January and, in spite of Soviet stalling tactics and the obvious Soviet desire to remain in Athens in order to prove the contention that the Greek Government is solely responsible for disturbed conditions in Greece, it has holding hearings in various preparatory to proceeding to the border areas. Although the Communist-directed guerrilla bands in Greece will continue their activities in order to lead others to the claim of aid, the USSR, and Soviet-dominated satellites that present leadership is a spontaneous revolt of the "democratic people" against a "bourgeois-fascist" government, the presence of the Commission should discourage assistance to the armed bands from across the borders, and it appears to be the opinion of the majority of the Commission that the investigation should result in the establishment of a semi-permanent frontier commission with police powers.

The economic and financial situation of Greece, bad enough at any time after liberation, has now become critical with the cessation of USSR. Greece's import-export trade had barely made a start before the present internal political conditions and the relations with her northern neighbors reached a virtual crisis. The continued political unrest and physical disorganization of the country have proved seriously obstructive to the revival of economic activity. Inefficient and timorous governments have been either unwilling or unable, in the absence of internal tranquility and whole-hearted cooperation of political leaders or the majority of the Greek people, to institute the unpleasantly drastic reforms which both the U.S. and the U.S.S.R. have demanded. The drachma has taken been stabilized, but the most recent experiment of March 1946 holds little promise of permanence. In an attempt to inspire confidence in the currency the Greek Government has embarked on a disastrous program of across-the-counter sales of gold; this, combined with reckless and unystematic licensing of foreign exchange transactions, has resulted in an almost complete exhaustion of Greece's foreign exchange resources. Inefficiency and mismanagement have up to now prevented the country from realizing maximum benefit from U.S. credits already extended to Greece: \$15 million from the Export-Import Bank;

\$55 million for the purchase of foreign surplus property; and approximately \$45 million for the purchase of ships from the Maritime Commission. This whole background of economic and financial chaos, coupled with the slow of the Marshall program, constituted urgent but vague and unparted appeals from the Greek Government to the U.S. for financial assistance. As a result of discussions in Paris between Secretary Byrnes and Prime Minister Tsaldaris, the Government dispatched to Greece early in January an Economic Mission headed by Paul A. Porter to recommend to the Greek Government means for the more efficient utilization of its own resources as well as to report on the kind and amount of outside assistance needed to reconstruct Greek economy. Reports from Ambassador Porter have confirmed the opinion of other observers that Greece is on the verge of runaway inflation and financial collapse.

Coincidentally with alarming U.S. reports from Greece and as a result of highest level considerations in the British Government concerning British capabilities with regard to Greece and Turkey, ~~two cables~~ dated February 24 were presented to the Department by the British Ambassador on February 24. These cables pointed out the grave consequences which could ensue if Greece and Turkey were to fall under Soviet domination and hoped that in view of the British inability to continue financial assistance to these two countries, the U.S. would be willing to take over the major responsibility for the military and civilian needs which must be financed from abroad.

*was already  
in the  
file*

DRAFT 3/4/47

President's Message to Congress on the Greek Situation

I lay before you today for consideration and decision a grave

problem of national security.

The British Government, through its Ambassador in Washington, has informed the Government of the United States that as of March 31, this year, it will be obliged to discontinue its program of financial and economic assistance to Greece.

On March 3 the Secretary of State received, from the Greek Government, through the Greek Minister in Washington, an urgent appeal for financial, economic, and expert assistance from the United States. The

text of this message has been made public. ~~The Greek Government states~~ <sup>press article</sup> that ~~such~~ <sup>such</sup> assistance is imperative, if Greece is to survive. Greece is

today without funds to finance the importation even of those ~~commodities~~ <sup>essential</sup> goods which are essential for bare subsistence. Under these circumstances,

says the Greek Government, the people of Greece cannot make progress in attacking problems of reconstruction, ~~even though substantial reconstruction~~ <sup>must be begun if the situation is not to continue to be worsened</sup>. The

Greek Government therefore asks for financial and economic assistance

*Timor & say first draft of  
the March 18 draft - covered.  
by me to a meeting with  
the President's staff  
I have a paper  
are behind the  
the situation  
Jung*



~~understand~~ for the following purposes:  
~~it is for the purpose of~~  
~~to enable~~ immediately to resume purchases of food, clothing, <sup>fuel,</sup>  
~~and the like~~

needs, and the like, that are indispensable for the subsistence of her people and that are only obtainable from abroad;

<sup>in order to</sup> enable the civil and military establishments of the Greek Government <sup>to import</sup> from abroad the means <sup>for</sup> restoring the tranquillity and feeling of security necessary for economic and political recovery;

<sup>and in order to</sup> enable Greece to create the means for self-support in the future.

Finally the Greek Government asks for the assistance of experienced American administration <sup>and</sup> economic and technical personnel to assure the utilization in an effective and up-to-date manner of the financial and other assistance given to Greece, and to help restore a healthy condition in the domestic economy and public administration. ~~The~~

The Greek Government expresses its determination to restore Greece as a self-supporting and self-respecting democracy, but states that because <sup>of these</sup> circumstances <sup>it</sup> must have aid from the outside.

I do not believe that the American people would be willing to see this desperate appeal from the Greek Government for assistance in maintaining



*United States*

its independence and democracy ~~ignored~~. I therefore ask you today to

grant to the Executive sufficient authority ~~to guarantee~~ <sup>extended authority</sup> to the Greek

Government <sup>assistance</sup> of a kind and on the scale that is required by the circum-

stances.

*is taking them at the same factory as one of the larger  
in place then, and it might be to say some of them before your today,*  
The primary objective of the foreign policy of the United States

is the creation of conditions in which nations shall be able to work out

their own way of life free of coercion by other nations. This is the

deeper meaning of <sup>it</sup> ~~our~~ war with Germany and Japan. Our victory was

won against countries <sup>who sought</sup> ~~which sought~~ to impose their will <sup>upon</sup> ~~against~~ other

nations, <sup>in order to</sup> ~~in order to~~ creating conditions for ~~the~~ peaceful

development of nations free from coercion the United States has taken a

leading part in establishing the United Nations, which is designed to

make possible freedom and independence for all its members.

*Our*

~~the~~ policy of ~~this country~~ of maintaining a world of free peoples

means that we resist aggressive movements of any kind, whether they be

Fascist, Nazi, or Communist <sup>who seek to impose upon other countries</sup>

dictatorial regimes. This policy is a frank recognition that only in

such a world can the United States maintain its freedom and ~~its~~ security.

requires recognition of the fact that majorities in a number of countries of the world have had totalitarian forms of government imposed upon them against their will. In recent months the Government of the United States has made it clear that it considers that this has <sup>already</sup> happened ~~already~~ in Poland, Rumania, and Bulgaria. I think we must also frankly admit that in a number of other countries there is imminent danger of similar developments.

At the present moment in world history there is a conflict between two ways of life. One way of life is based upon the will of the majority, free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression. The second way of life is based upon the imposition of the will of a minority upon a majority, upon control, by a minority, of the press and other means of communication, and upon terror and oppression.

It is the policy of the United States to give support to free peoples who are attempting to resist subjugation <sup>by</sup> ~~from~~ armed minorities or ~~from~~ outside forces. It is our policy to assist ~~in increasing the ability~~

<sup>free</sup> people who are free to work out their own destiny. This does not mean that they are free to do as they please.

4

It is imperative to our security that we do so, and ~~in order to accomplish~~  
~~Our efforts must be prioritized in the form of~~  
~~which~~ <sup>the</sup> economic and financial aid <sup>which</sup> is necessary for the creation  
of a stable economic structure in Greece. Assistance of this kind is

should lose that victory for which they <sup>have</sup> sacrificed so much. Collapse of  
their free institutions and loss of their independence would <sup>be</sup> ~~be~~ <sup>the</sup> ~~the~~ <sup>disaster</sup> not only for them

\_\_\_\_\_

help coming from another country. The British Government, which has been assisting Greece, has informed us that it can give no further financial or economic aid in this crisis. Great Britain finds itself under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece and Turkey. It would be difficult to overemphasize the importance of these developments to the United States and to American foreign policy.

No government is perfect. One of the chief virtues of democracy, however, is that its defects of government are always visible and under democratic process can be pointed out and rectified. <sup>72</sup> Greece's government is not perfect. It ~~has~~ <sup>figures his in parentheses. (Quint)</sup>

<sup>That Government has been</sup> operating in an atmosphere of chaos and extremism, and <sup>it</sup> has made mistakes. The extension of aid by this country does not mean that this government condones everything that the Greek Government has done or will do. We have condoned in the <sup>fact</sup> ~~long~~

and we do condemn now any extremist measures of the Right or the Left. We have in the past advised tolerance and we advise it now.

FF —

The Greek Government in power today represents 85% of the members of the Greek Parliament. The elections for the Greek Parliament, it will be recalled, were held last March under the eyes of 1,500 American, British, French, and South African observers invited by the Greek Government. These observers spent the two months preceding the elections observing pre-election conditions throughout Greece and it is <sup>their</sup> opinion that the elections were fair and that the present Parliament is the true choice of the majority <sup>of</sup> voters. Certain political groups, representing at most about 15% of the electorate, abstained from the polls, but a great majority of those eligible to vote cast their ballots.

delete ?

See note

The Greek Government in its communication to the Government of the United States emphasizes that economic reconstruction <sup>as well as political stability</sup> must be based upon administrative efficiency. I consider it

~~Requesting~~  
~~requesting~~ that the ~~Greek~~ request for the assistance of  
experienced American Administrative, economic and technical  
personnel ~~is~~ <sup>be granted.</sup> ~~be granted.~~  
personnel ~~to make the most efficient utilization of the financial~~  
and other aid the United States might extend to Greece, ~~be~~  
granted. It is of utmost importance that the <sup>expenditure of the</sup> funds made avail-  
able to Greece <sup>be supervised in such manner</sup> ~~be economically supervised so~~ that each dollar  
advanced <sup>shall</sup> ~~will~~ count towards making Greece truly self-supporting.

The future of Turkey as an independent and economically  
sound state is clearly as less important than that of Greece,  
~~but~~ <sup>The</sup> circumstances in which Turkey finds herself today are  
<sup>nevertheless</sup> considerably different. Turkey has ~~hardly~~ been spared the  
disasters <sup>that have</sup> ~~that~~ beset Greece. And during the war, the United States  
and Great Britain furnished Turkey with very material aid. <sup>Since</sup>  
the war, however, Turkey has sought additional financial assist-  
ance from both Great Britain and United States for the purpose  
of effecting that modernization of its defensive establishments

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for purposes indicated in this message, I shall not hesitate to bring the situation before Congress. This is a time when the Executive and Legislative branches of the Government must work together expeditiously, and in close coordination, ~~to ward off dangers which are no less certain to affect the peace, security, and prosperity of the nation because they are a step removed in time and space;~~

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for purposes indicated in this message, I shall not hesitate to bring the situation before Congress. This is a time when the Executive and Legislative branches of the Government must work together expeditiously, and in close coordination, ~~to meet off dangers which are no less certain to affect the peace, security, and prosperity of the nation because they are a step removed in time and space;~~



Washington, D. C.,  
March 3rd, 1947.

No. 1340

Sir:

I have the honor, on instructions of my Government, to convey the following urgent message to His Excellency the President of the United States and to Your Excellency:

"Owing to the systematic devastation of Greece, the destruction and debilitation of her people and the destruction of her economy through four invasions and protracted enemy occupation, as well as through disturbances in the wake of war, and despite the valuable assistance rendered by our Allies during and after the war for which the Greek people feel profoundly grateful, further and immediate assistance has unfortunately become vital. It is impossible to exaggerate the magnitude of the difficulties that beset those survivors in Greece who are devoting themselves to the restoration of their country. Such means of survival as remained to the Greek people after the enemy withdrew have now been exhausted so that today Greece is without funds to finance the import even of those consumption goods that are essential for bare existence. In such circumstances the Greek people cannot make progress in attacking the problems of reconstruction, though substantial reconstruction must be begun if the situation in Greece is not to continue to be critical.

"The Greek Government and people are therefore compelled to appeal to the Government of the United States and through it to the American people for financial, economic and expert assistance. For Greece to survive she

His Excellency George C. Marshall,  
Secretary of State,  
Washington, D. C.

COPY

D E 11

must have:

"1. The financial and other assistance which will enable her immediately to resume purchases of the food, clothing, fuel, seeds and the like that are indispensable for the subsistence of her people and that are obtainable only from abroad.

"2. The financial and other assistance necessary to enable the civil and military establishments of the Government to obtain from abroad the means of restoring in the country the tranquillity and feeling of security indispensable to the achievement of economic and political recovery.

"3. Aid in obtaining the financial and other assistance that will enable Greece and Greek people to create the bases for self-support in the future. This involves problems which unhappily cannot be solved unless we surmount the crisis immediately confronting us.

"4. The aid of experienced American administrative, economic and technical personnel to assure the utilization in an effective and up-to-date manner of the financial and other assistance given to Greece, to help to restore a healthy condition in the domestic economy and public administration and to train the young people of Greece to assume their responsibilities in a reconstructed country.

"The need is great. The determination of the Greek people to do all in their power to restore Greece as a self-supporting, self-respecting democracy is also great; but the destruction in Greece has been so complete as to rob the Greek people of the power to meet the situation by themselves. It is because of these circumstances that they turn to America for aid.

"It is the profound hope of the Greek Government that the Government of the United States will find a way to render to Greece without delay the assistance for which it now appeals.

R F:

"signed: D MAXIMOS, Prime Minister, C. TSALDARIS, Deputy Prime Minister and Minister for Foreign Affairs."

Accept, Sir, the renewed assurances of my highest consideration,

PAUL ECONOMOU-COUPAS

May 22, 1947

DRAFT OF NOTE FROM GREEK GOVERNMENT TO UNITED STATES GOVERNMENT

The Greek Government acknowledges the note of the United States Government of May 1, 1947, informing it that the President of the United States has been empowered by Congressional action to extend assistance to Greece. The hearts of the Greek people are profoundly touched by this proof of the generosity and good will of the American people and of the benevolent interest of a great and friendly nation in the welfare of Greece. The Greek Government, on its own behalf and on behalf of the Greek people, wishes to express its deepest appreciation for this magnanimous response to the request of the Greek Government and takes this opportunity to repeat that it turned to the United States for aid only because the devastating results of the war were such as to render impossible the enormous task of reconstruction with the resources remaining to Greece after years of conflict and enemy occupation.

The Greek Government wishes to give assurances that any assistance it may receive will be used in conformance with the purposes for which it may be made available. Aid given for military purposes will be used in the restoration and maintenance of internal order, aid furnished for the economic recovery and physical reconstruction of the country will be expended in a manner which will have a lasting beneficial effect on the country as a whole.

The Greek Government also wishes to make known at this time its own plans for action which will lay a basis for American assistance in Greek recovery and reconstruction.

The Greek people realize that ultimate solution of their problem requires great and continuous effort by themselves. They are aware that the extensive aid of the United States will not alone be sufficient to meet the large costs of restoring public order and reconstructing productive facilities over a period of years. The Greek Government will lend its people in their effort to achieve these ends. This responsibility entails the composing of internal differences, the collection of more revenue, the rebuilding of foreign trade, the conservation of foreign exchange, the reconstruction of public works, the improvement of government administration, assistance and guidance to agriculture and industry, establishment of protective labor measures, encouragement of democratic organizations among economic and social groups, measures to control inflation and assure equitable distribution of supplies and services, and the restraint of excesses and extravagances on the part of any segment of the population. The Greek Government will undertake these and all other necessary measures to marshal Greece's own resources to the fullest extent in attaining the ends for which American assistance may be extended. This organization of Greek effort will require economic contributions and co-operation from all.

The Greek Government is ever mindful that primary responsibility for the economic welfare of the country rests with the Greek Government,

and it is therefore proceeding with plans for the early institution and vigorous administration of those measures which will enable full use of capital, productive facilities, manpower resources and natural wealth to be found in Greece. Certain measures proposed by the Greek Government are stated in general terms in this note; these and other measures will be developed further after consultation with American advisors.

In order to achieve budgetary balance and economic stability at the earliest possible time the Greek Government will undertake to rehabilitate its national and local revenue system by all necessary measures including the modernization of tax administration, elimination of tax evasion and the use of every practicable source of revenue. Full regard will be given to the equitable distribution of the tax burden and to the principle of ability to pay. Measures will be taken to control and curtail expenditures of the Government. The Government audit and accounting system will be strengthened, and the budget will be published and used as an effective control of expenditures.

With a view to steadily increasing the ratio of official acquisitions of foreign exchange to import requirements, a program will be undertaken to increase the amounts of foreign exchange coming into the Greek economy through normal commercial channels. Vigorous efforts to increase exports, including the resumption of the export of olive oil and the rebuilding of foreign markets, will be made. Measures will be adopted to assure the operation of Greek shipping in a manner which will provide the greatest benefit for the national economy. Existing regulations on the import and export of foreign exchange will be enforced and strengthened by all possible means. To make the most effective use of available exchange, imports will be limited to those which are essential to the Greek economy, and they will be brought in as an integral part of a national import program which includes goods purchased with American aid. The planning and administration of the program of public and private imports and exports will be centralized in a Foreign Trade Administration headed by an American technician in the employ of the Greek Government.

To guard against further inflation, a vigorous program will be undertaken to hold down prices and to establish an equitable relationship between prices and wages. As further deterrents to inflation, rent control and rationing of commodities will be continued and controls on credit and banking will be instituted.

The agricultural and industrial production of the country will be increased by Government guidance and financial assistance. Unduly restrictive laws, detrimental employment practices and monopoly regulations will be re-examined, and all unnecessary deterrents to production eliminated. To this end the Greek Government will encourage increased labor productivity while fostering the right of workers to organize and join free democratic labor unions and to engage in activities to promote their mutual protection and economic status.

In order to fill its increasingly active role in guiding the recovery and reconstruction efforts during the American aid program, the Government will undertake an extensive program to improve its governmental organizations and civil service, which were as disrupted by the long years of war.

The Greek Government wishes to take this opportunity to rene- its request to the United States Government at for American personnel who can assist in the Greek recovery effort, including a special American Mission to administer the extension of American aid, observe its use by the Greek Government and advise the Greek Government. In order to expedite recovery in Greece and because of the large financial contribution of the United States to Greece, the Mission should participate in the development of revenue and expenditure policies, approve government expenditures for activities which directly or indirectly involve the use of American aid, take part in the planning of the import program, and approve the use of foreign exchange. The Greek Government would also wish the Mission to assist in execution of reconstruction projects, improvement of public administration, technical training of civil servants and other personnel, continuation of the health program, development of exports, programming and disposition of Government purchased supplies, promotion of agricultural and industrial recovery, and regulation of wages and prices. In general the Greek Government will wish to consult with the Mission before taking any economic steps which might affect the success of the American aid program.

In addition to the members of the Mission who will act as representatives of the United States Government, the Greek Government wishes the assistance of the United States Government in employing a limited number of American experts to act in technical and executive capacities within the Greek Government. The Government will continue a Currency Committee consisting of Greeks and foreign experts with functions modified to fit in with those of the American Mission. As mentioned above, a Foreign Trade Administration, headed by an American technician, is also planned.

In the light of the recent legislation by the Congress of the United States and of the views expressed by the United States Government in its note of May , 1947, and by the Greek Government in this note, it is suggested that the two Governments should enter into a formal agreement on these matters.

RECEIVED  
S.O. 10112, Dec. 14 and 15 = 21, 2  
Dept. of State Recs. Div. 44: 1000  
Special Ltr. Mail Dec 15-21-47

DEPARTMENT OF STATE  
WASHINGTON

May 23, 1947

SECRET

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Agreement on Aid  
to Greece

I am attaching for your consideration a proposed basic agreement between the United States and Greece setting forth the general terms and conditions which shall govern the furnishing of assistance to Greece by the United States.

I am also attaching a draft note which we would propose that the Greek Government send to this Government, in advance of the conclusion of the basic agreement, outlining the plans of the Greek Government which will lay a basis for American assistance in recovery and reconstruction in Greece. This note is incorporated by reference in an appropriate manner in the proposed basic agreement. Both the agreement and the note will be registered with the United Nations.

Under this proposed procedure, the initiative and responsibility for domestic reconstruction measures in Greece lie with the Greek Government where they belong, while at the same time the United States Government exercises full control over the expenditure of United States funds and over Greek governmental programs intimately affecting the success of the American assistance program.

If you approve the draft agreement and note, Secretary Marshall intends to send them immediately to Athens for discussion and negotiation with the Greek Government.

DEAR ACHESON

Enclosures:

Draft agreement.  
Draft note.

4-11-118  
 ED. WILLIAMSON, JR.  
 Dept. of State  
 10-11-17

SECRET

May 22, 1947

AGREEMENT ON LINES TO GREECE

The Government of Greece having requested the Government of the United States for financial, material and technical assistance to avert economic crisis, promote national recovery, and restore internal tranquillity; and

The Congress of the United States, in the Act approved May \_\_\_\_\_, 1947, having authorized the President of the United States to furnish such assistance to Greece, on terms consonant with the sovereign independence and security of the two countries; and

The Government of Greece, in a note to the Government of the United States of \_\_\_\_\_, 1947, having proposed certain measures within Greece which it deems essential to the effective use of United States assistance and of Greece's own resources in promoting reconstruction and recovery in Greece as soon as possible; and

The Government of the United States and the Government of Greece believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations and will further strengthen the ties of friendship between the American and Greek peoples;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States will furnish the Government of Greece such assistance as the President of the United States may authorize to be provided in accordance with the Act of Congress approved May \_\_\_\_\_, 1947, and any Acts amendatory or supplementary thereto.

Article II

The Government of Greece will make effective use of any assistance furnished to Greece by the United States and of Greece's own resources in order to advance reconstruction and secure recovery in Greece as soon as possible. To this end the Government of Greece has already undertaken, and hereby agrees, to effectuate the measures proposed in its note of \_\_\_\_\_, 1947 to the Government of the United States and will take such further action as may be appropriate.

Article III



SECRET

- 2 -

### Article III

The Government of the United States will send to Greece a mission to be known as the American Mission for Aid to Greece (hereinafter referred to as the American Mission). The Chief of the American Mission designated by the President of the United States will represent the Government of the United States on matters relating to the assistance furnished under this Agreement.

### Article IV

The Chief of the American Mission will determine, in consultation with representatives of the Government of Greece, the terms and conditions upon which specified assistance shall from time to time be furnished under this Agreement. Under the direction of the Chief, the Mission will provide such advisory assistance and will execute such functions as are necessary and proper to assist the Government of Greece to make the most effective use of any assistance furnished to Greece by the United States and of Greece's own resources and thereby to advance reconstruction and secure recovery in Greece as soon as possible. Certain of these functions are contained in the measures proposed by the Government of Greece in its note of \_\_\_\_\_, 1947.

### Article V

The Government of Greece will furnish all practicable assistance to the American Mission to facilitate the performance of its functions, the movement of Mission personnel to, in or from Greece, the employment of Greek nationals and residents, the acquisition of facilities and services, and the performance of other activities of the Mission. The personnel of the American Mission and the property of the Mission and of its personnel shall enjoy in Greece the same privileges and immunities as are enjoyed by the personnel of the United States Embassy in Greece and the property of the Embassy and of its personnel.

### Article VI

The Government of Greece will permit the members of the American Mission to observe freely the utilization of assistance furnished to Greece by the United States. The Government of Greece will maintain such accounts and records, and will furnish the American Mission such reports and information, as the Mission may request for the performance of its functions and responsibilities.

### Article VII

SECRET

- 3 -

#### Article VII

The Government of Greece and the Government of the United States will cooperate in assuring the peoples of the United States and Greece full information, consistent with the security of the two countries, concerning the assistance furnished to Greece by the United States. To this end—

(1) representatives of the press and radio of the United States will be permitted to observe freely and to report fully regarding the utilization of such assistance; and

(2) the Government of Greece will afford the American Mission opportunity for, and will cooperate with it in providing, full and continuous publicity within Greece, including periodic reports by the Mission, as to activities under this Agreement and the purpose, source, character, scope, amount, and progress of such assistance.

#### Article VIII

The Government of Greece will make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Agreement. It will not transfer, without the consent of the President of the United States, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use of misnomers of any such information by or to expose not an officer, employee, or agent of the Government of Greece or for any purpose other than that for which the article or information is furnished.

#### Article IX

The Government of Greece will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the making of any payment on account of the principal or interest on any loan made to it by any other foreign government.

The Government of Greece will not, except with the approval of the Government of the United States, allocate any funds or make available any foreign exchange for payment of principal or interest or both on the foreign indebtedness now in suspense of the Government of Greece and of all public and private debtors.

#### Article X

Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn—

(1) if

SECRET

- 1 -

RECEIVED  
 APR 1947, Sec. 275 and 276 of the  
 Dept. of State, Sec. 275  
 Federal Register, Vol. 12, No. 15, p. 328

- (1) If requested by the Government of Greece;
- (2) If the Security Council of the United Nations finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations unless the continuance of assistance by the Government of the United States pursuant to this Agreement unnecessary or undesirable;
- (3) Under any of the other circumstances specified in section 5 of the aforesaid Act of Congress or if the President of the United States determines that such withdrawal is in the interest of the United States; or
- (4) If the Government of Greece does not take reasonable steps to effectuate those measures proposed in its note of \_\_\_\_\_, 1947 or subsequently agreed upon which are essential to reconstruction and recovery in Greece.

#### Article II

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

#### Article III

This Agreement shall be registered with the United Nations.

Done in duplicate, in the English and Greek languages, at Athens, this \_\_\_\_\_ day of \_\_\_\_\_, 1947.

\_\_\_\_\_  
 For the Government of the United States

\_\_\_\_\_  
 For the Government of Greece

On that eventful day in September 1945 when we received the news that Japan had surrendered it was our fondest hope that we were at the threshold of a new era in which all democratic and liberty-loving people, relieved of threats of aggressive totalitarianism, would be free to devote their energies to the tasks of reconstruction and to cooperate in the maintenance of a peace based on justice and respect for the rights of human beings and of nations. It was also our hope on that day that the last serious danger to the security of the United States and of other peaceful nations had been eliminated and that at least for many years to come no country with friendly intentions towards its neighbors need have concern of threats from without. It is with the deepest regret that I am compelled to inform the Congress of the United States that these hopes have not as yet been realized and that if we are to enter into an era such as that which seemed to open before us in September 1945, and that if we are to discharge our responsibilities for safeguarding the

security

R File

security of the United States we must be prepared for further struggle and for further self-sacrifice; we must not allow ourselves to fall into the error of believing, merely because hostilities have terminated, that we can afford to ignore what is taking place in the world and to concentrate our attention on matters purely of domestic concern. We dare not relax for even a single moment; above all we cannot permit the degeneration of that great national unity in the facing of world problems which we achieved during the war and without which we could not have brought the war to a successful conclusion. That national unity at this moment is just as vital to the welfare of the nation as it was during the most trying period of the war. I am appealing to the Congress to cooperate in its preservation.

Termination of hostilities found a war-torn world in agony; great areas once rich industrially and agriculturally were barren and desolated; commerce, the life-blood of our civilization

10-10

civilization was disrupted because of lack of goods and means of transport; millions were without food and shelter; nations were set against each other or divided internally by passions and hatreds generated or strengthened during the war years; millions of persons, appalled at the horrors which they had witnessed, had lost all confidence in the human race; once prosperous and progressive countries were prostrate without the strength to embark upon their own reconstruction.

Our instincts as human beings rendered it impossible for us to refuse to resist in the rehabilitation and reconstruction of these war-stricken people and countries. Even if we had been successful in suppressing these instincts we could not ignore the fact that neither the United States nor any other country could have any hope for survival as a tranquil and prosperous entity in a poverty-stricken and despairing world. The world has grown too small to permit divisions of mankind to live in national compartments impervious to the economic situation or the state of morale of their neighbors.

D r l i e

Since the termination of hostilities, therefore, the Government and the people of the United States have undertaken to assist in the alleviation of sufferings of other peoples and in solving the world problems of rehabilitation and reconstruction. We have devoted much energy, enormous quantities of goods, and huge sums of money to this end. Outstanding citizens of the country have given generously of their time and talents. We have made our contributions both directly and through organizations to which other like-minded nations contributed. Outstanding successes have been achieved, particularly in the field of immediate relief. I regret, however, to inform the Congress that the forces of rehabilitation and reconstruction among which we are one of the most productive nations are playing a leading role, have not as yet been able to achieve the goals which must be attained if the world is to enter the era envisaged in September 1945. It has become increasingly clear that the

endeavors of these constructive forces are being offset to an extent by well-disciplined and highly organized forces determined to prevent the restoration of a prosperous world society of democratic nations and free men. The strength and resourcefulness of these forces must not be underestimated. They are to be found in some form in almost every country; they are operating under cunning slogans and clever catchwords in almost every field of human endeavor. They rule those areas in which they have already been successful in seizing the power by terror and by depriving the population of its civil rights and use their conquests as bases for the further extension of their power to other territories. They promote internal strife and economic chaos in those countries in which they are not as yet in control. In such countries they promote human misery and chaos with the hope that they will be able to emerge from the confusion which they are prolonging as the only group sufficiently well organized to seize

B File



control of the Government. In conditions prevailing in the post-war world tasks of a destructive and disruptive nature can frequently be performed without great expenditure of resources and man-power. The forces of rehabilitation and reconstruction are therefore at a sharp disadvantage. As a first, consequently, that certain war-ravaged countries, in spite of the efforts, which have thus far been put forth, are still not in a position without further and more systematic aid from us to continue long to resist the pressures of the destructive forces to which they are constantly subject. It would be unutterably tragic for countries which have heroically struggled for their independence against overwhelming odds during the war years to lose after the victory that for which they had sacrificed so much. Furthermore the loss by some of these countries of their independence at this time threatens to set off a chain of events the consequences of which are still unfathomable. The disappearance

5110

of some of these independent democratic nations would be certain to bring profound discouragement to the peoples of neighboring countries who are struggling for the preservation of their own independence and to render still more effective those forces bent on the undermining of democratic governments and the destruction of free human institutions. ~~It is possible that~~ following the collapse of one <sup>or</sup> of two countries, extensive areas might be rapidly subjugated to the control of these forces. Such a series of events would be disastrous to world tranquility and economy and would threaten our very national security. I, therefore, consider it to be my duty to bring these possibilities to the attention

B File

of Congress which shares with us the responsibility for deciding whether we should extend immediate and effective assistance to those countries which are not likely to survive without our aid or whether we shall play the role of a passive spectator as they succumb to the destructive forces threatening to engulf them.

A situation has just developed which causes me to bring this matter to you as one of the greatest urgency. If the decision which we are to make is to be of any significance in certain parts of the world it must be made immediately. I have grave doubt that Greece will be able to survive as an independent democratic country unless it receives in the immediate future aid of a character which we are not able to extend under existing legislation. In view of the geographical situation of Greece and of conditions in the Near East the disappearance

of

R File

- 8 -

of Greece at this time as an independent democratic  
country would imperil the future of the whole Near and  
Middle East. In the situation that exists in the world  
we therefore must consider that the preservation of the  
political independence and territorial integrity of  
Greece are vital to the security of the United States.

*- Done  
initials*

None of the United Nations has suffered more severely  
than Greece during the war. In spite of the heroic re-  
sistance of the Greek people their country was inundated  
by invasion after invasion and a whole series of easy  
occupations. Following the withdrawal of the enemy,  
passions which had been kindled during the war were in-  
flamed by excesses on the part of both the right and the  
left and bloody and profitless civil strife has resulted.  
When in its travail in 1945 the Government of Greece in-  
vited the United States, Great Britain, <sup>I recall</sup> and the Soviet  
Union to observe Greek elections, the United States, <sup>I recall</sup>  
~~jointly with Great Britain, mindful of the pledges made~~  
~~at Yalta and hopeful that the presence of Allied ob-~~  
~~servers might~~

B F I

~~lead to prevail upon the Greek people to resort to democratic~~  
~~methods in resolving their internal differences,~~ accepted the  
invitation. These observers were convinced that the outcome  
of these elections represented the views of the majority of  
the Greek people at the time. Through UNRRA we sent to Greece  
large quantities of supplies and funds. Through the Import-  
Export Bank we extended a loan of \$25,000,000 for the financ-  
ing of self-liquidating projects. We have sold to Greece  
ships and some of our surplus property on favorable terms.  
Great Britain has also been assisting Greece. Despite a  
shortage of manpower in the United Kingdom and the critical  
economic and financial situation of Great Britain, the British,  
at the request of the Greek Government, have been maintaining  
at their own expense certain armed forces in Greece in the  
hope that their presence would give a feeling of security to  
the Greek people; in order further to promote this feeling,  
they have been supplying and equipping the Greek military  
and police forces; they have also been contributing heavily

to the support of the civilian economy. He seriously doubts that without the aid rendered thus far by the United States and Great Britain to Greece, that country would have been able to withstand the terrific pressure to which it has been subjected by those forces which have been endeavoring to bring about the collapse of the Greek state and ultimately to deprive Greece of its independence. That pressure, which is to an extent responsible for the financial and economic situation in Greece, continues to be exerted and adds to the gravity of the Greek crisis.

On February 24, this Government was informed by the British Government that, in view of the financial and economic situation of Great Britain, the British Government could not continue after March 31 to extend financial assistance to Greece or the aid in the form of military supplies which the Greek armed forces must have from abroad if they are to restore tranquillity to the country. The British Government, frankly concerned with regard to the future of Greece, has

B File inquired

inquired whether the American Government is prepared to extend assistance of the character formerly extended by the British Government. We know that Great Britain, in its present financial and economic situation, would have great difficulty in continuing to extend to Greece financial and economic assistance of the character which it has been furnishing in the past.

On March 3 the American Government received from the Greek Government the following message:

(Insert here the message from the President

and Foreign Minister of Greece to President Truman and General Marshall.)

Reports from the Greek Government and from our own observers in Greece confirm the fact that Greece must have immediate financial assistance from abroad. Greece does not have at the present time the purchasing power necessary to enable her to make the imports necessary for the subsistence of the Greek people. We also have information showing that the Greek civilian and military forces responsible for the preservation

E File of

of law and order can not restore tranquillity in Greece without receiving from abroad certain military equipment and supplies which apparently the United States alone is in a position to furnish. Furthermore, it is clear that in addition to the financial and other assistance which Greece must have in order to supply the immediate subsistence needs of her people and to enable her to restore domestic tranquillity, she must have financial and other assistance which will start her along the highway of reconstruction towards the goal of becoming a self-supporting state. The extension of financial and other material assistance to Greece, however, will not in our opinion be sufficient. The whole apparatus of government and of public economy is still in a partially paralyzed condition as a result of the shocks of the war and of the guerilla activities. If, therefore, we are to make sure that Greece will most effectively utilize such financial and other assistance as we may be prepared to extend to her, we should also send to Greece experienced American administrative, economic and technical assistants as

P. E. J. requested



requested by the Greek Government.

I am convinced that it is in the interest of the United States and of world peace that the American Government take heed of the pleas of Greece and extend the assistance requested.

I, furthermore, firmly believe that the United States must be prepared to give similar assistance to other democratic countries who may require our aid in order to preserve their independence, particularly when it is clear that the preservation of their independence is important to the interests of the United States. I hope that the Congress of the United States will take the same view. If it does, certain new legislation should be immediately enacted which will enable the Executive Branch, without extensive delays, to furnish such aid as required. I therefore recommend to the Congress the passage of the following legislation:

The Drafting of the President's Message to Congress  
on the Greek Situation

Delivered before a Joint Session of Congress  
March 12, 1947.

The early part of this record is hearsay from Acheson and others concerned. Then the message came from the British Ambassador on February 24, Secretary Marshall took up the matter promptly with the President, with the Secretaries of War and of the Navy, and with the Chiefs of Staff, and it was decided that prompt and vigorous action was necessary.

The next step was the calling of Congressional leaders to the White House on February 27. At that meeting (according to Mr. Acheson) Mr. Acheson and the Secretary, in the presence of the President, presented the problem to Congressional leaders in outline form. The reaction of the Congressional leaders was rather trivial. At that point, Mr. Acheson then launched into a full analysis of just what Greece and Turkey meant to the security of the United States. He apparently reviewed the situation throughout the world, the pressure of communist parties everywhere, and the necessity, in the interest of the security of the United States, in taking a firm stand.

Most of the Congressional leaders were greatly shaken and impressed with this analysis and promised to support whatever measures should be necessary, on the condition that the President should explain the situation fully to Congress in a special message and to the people by radio. They felt that they could support such a program only if the public were apprised of the grim facts. The President promised to go to the Congress and the people in this manner. He also promised to have a program, including the details of what would be required, prepared for a meeting of the Congressional leaders which he could call eight days thereafter, on Friday, March 7th.

Mr. Acheson called a meeting of key Departmental officers in the Secretary's office Friday morning, February 28. Present among others were Lay Henderson and Jack Nicholson (who were given chief responsibilities in the drafting of a program), Ellwellyn Thompson, John Jaccopini, John Howard of DE, Savlik, Tyler Good, Francis Russell and myself, John Gage, etc. There Mr. Acheson in a masterful way described the meeting with Congressional leaders of the day before, outlined the situation as he had outlined it to the Congressional leaders, and told us that we would have to get to work and figure out a program and write a message to Congress and a radio speech for the President. There was before the meeting a document drafted in the Central Secretariat by John Gage (a copy of which I do not have) outlining the various parts of the program that would need to be worked up within the next week.

Mr. Acheson

Mr. Johnson then retired and Henderson (later replaced by Hickerson) took charge and began assigning responsibilities. When he got down to the drafting of a message to Congress and a radio address for the President, Hickerson very quickly said that he and Henderson would attend to that.

At the end of the meeting Hickerson said that this was certainly the most important thing that had happened since Pearl Harbor and that we should all approach our tasks with humility. We all felt headed over by the gravity of the situation and the immensity of the steps that were contemplated.

The record from here on involves only the drafting of the President's message to Congress.

Friday afternoon Francis Russell invited me to sit in with the SWGCC Sub-Committee on Information which met to consider the problem of how the question should be presented to the public. In all of SWGCC's consideration there was never any distinction between how the problem should be presented by the President and how it should be presented in background form by the Departmental officers to journalists, radio people, etc. for the purpose of building up support for the Department's policy.

A somewhat smaller group representing the SWGCC Sub-Committee and in Francis Russell's office Saturday morning, March 3, to continue the work and to draft themes, background data, arguments, etc.

Over the week-end Francis Russell, Lillian Thompson, and John Fernandez refined the themes and arguments advanced at the previous meetings and worked up the "Information Program of United States aid to Greece", which was sent to Mr. Johnson on Tuesday, March 4.

Meanwhile, over the week-end several of us tried our hands at drafts of the President's message. Loy Henderson wrote a full-length message as did Gordon Harrison, and I confined myself to an attempt to set a tone in five pages of draft.

On Monday, March 5, Loy Henderson went all of these, and perhaps some others, to Mr. Johnson. Late that afternoon Loy called me and said Mr. Johnson liked my draft best and to stand by for a call from Dean Johnson. Johnson called me late in the afternoon and told me to go ahead with the draft and to get in touch with Henderson.

The next day, March 6, a drafting conference was held in Mr. Johnson's office and I, as the drafter, took copious notes. Mr. Johnson started with the SWGCC paper and it provided a substantial part of the message. This paper, and parts of various drafts were continued, and Mr. Johnson indicated whether or not they might be pertinent. From the whole I got a general idea of what was desired.

I therefore worked late last night and turned out a working draft, which was dated March 6. This was considered to conference

to Mr. Johnson's office on March 5. This draft seemed to meet with general approval. Mr. Johnson said it was a good draft and proceeded to lead the group to a sentence by sentence consideration. Following this meeting, I prepared another draft, which was considered on Thursday March 6. After corrections this was sent over to the White House on Friday March 7. It was also sent to General Marshall in Paris, who replied the next day approving the message except for three minor points, which were deleted.

On Saturday, March 8, Carl Muscelaine and I were called over to see Mr. Clark Clifford, assistant to the President, at the White House. Mr. Clifford had a few specific suggestions but his main criticism was directed at the order of presentation of the draft. The earlier draft opened with the difficulties of Greece, went on to the general situation, and came back to Greece. He suggested that it begin with Greece and discuss Greece, proceed to the general, and then work up to specific proposals and parorations. I then returned to the Department and to an hour and a half, sorting the same material and some writing, turned the whole thing around and it worked out very well. In fact, it was a marked improvement. This draft was returned to the White House and Mr. Clifford considered it on Sunday, March 9.

On Monday, March 10, Clifford brought over and discussed with Mr. Johnson, Mr. Muscelaine and me the first White House draft (dated March 10), which was in essence the draft as had went him plus a few additions. Most of these additions we considered objectionable and Mr. Clifford agreed in discussion to eliminate them. His readiness to acquiesce suggested that they were not his ideas but those of other White House assistants (not the President's).

Mr. Clifford then returned to the White House and a conference was held with President Truman and Admiral Leahy, and several other advisors. At this conference the President and his advisors approved the draft virtually as presented to them, making only a few exceedingly minor changes.

This draft was sent over to the Department on Monday, March 11, and became the official message.

I have never working on an important State document before that went so smoothly. The major decisions had already been taken, and the specific legislative proposals were being prepared by others. The character and identity of my original draft was preserved throughout. The force of the argument was increased by the editing, rather than the contrary. This I attribute primarily to the fact that the President had promised to explain this situation frankly to the public and there was no possibility of going back on that promise and thus of entering down the argument. But entirely aside from that, I discovered no inclination whatever on the part of anybody in the Department or the White House to water it down. It represented genuinely the unanimous opinion of the Department.

There is another thing that should be said for the record. Dean Acheson told me at the first conference on this matter that we should proceed in our work, and with the President's message to Congress, without regard to General Marshall's position in Moscow. The General made this decision himself and ordered it emphasized to all concerned. This was in our opinion the act of a genuine statesman.

When the President returned from his Mexico trip he agreed to go to Congress in person on March 12 and deliver his message, thus obviating the necessity for a separate radio speech.

The message was in my opinion unexceptional not only for its content, but for the way in which the Government functioned in the crisis: fast, brave, and clean. It seemed to me as though it marked our passing into adulthood in the conduct of foreign affairs.

*The Department of State*

*Joseph P. Jones*

# bulletin

*Supplement*

## AID TO GREECE AND TURKEY

*A Collection of State Papers*

Vol. XVI, No. 408 A

May 4, 1947



B File

# Contents

	Page
<b>Greek Government Seeks U.S. Financial Aid:</b>	
Message to the President and the Secretary of State From the Greek Prime Minister and the Minister for Foreign Affairs .....	827
Statement by the Secretary of State .....	829
Recommendations on Greece and Turkey. Message of the President to the Congress .....	829
Message From the Greek Prime Minister and the Leader of the Parliamentary Opposition:	
Statement by President Truman .....	832
Texts of Message .....	833
Statement by U.S. Representative at the Seat of the United Nations ..	834
<b>Senate and House Committee Hearings:</b>	
Statements by Acting Secretary Acheson .....	835, 847
Statements by Under Secretary Clayton .....	835, 852
Statement by Ambassador Porter .....	842
<b>Discussion in Security Council of Proposed United States Program of Assistance:</b>	
Statements by U.S. Representative at the Seat of the United Nations .....	847, 851
<b>Questions and Answers Relating to the Greek-Turkish Aid Bill .....</b>	<b>856</b>
<b>Total Assistance Program to Foreign Countries. Letter From Assistant Secretary Thorp to Representative Easton .....</b>	<b>859</b>
<b>Urgency of Action on Proposed Legislation. Message From the Secretary of State to the President pro tempore of the Senate .....</b>	<b>857</b>
<b>Report of the American Economic Mission to Greece:</b>	
Preface .....	858
Summary .....	858
Recommendations .....	851



# *The Department of State* bulletin

Vol. XVI, No. 499 A - PUBLISHED WEEKLY

Next Number Issues 7

May 4, 1947

## SUPPLEMENT

*The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Publications, Office of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information concerning treaties and international agreements in which the United States is or may become a party and treaties of general international interest is included.*

*Publications of the Department, cumulative lists of which are published at the end of each quarter, as well as legislative material in the field of international relations, are listed correctly.*

For sale by the Superintendent of Documents  
U. S. Government Printing Office  
Washington 25, D. C.

Postmaster:  
10 Cents, 10¢; single copy, 15 cents

Published with the approval of the  
Director of the Bureau of the Budget

*Notice: Copyrights of this publication are not  
copyrighted and those contained herein may  
be reprinted. Contents of the OVERSEAS  
EYE BULLETIN on the same will be  
reprinted.*



# AID TO GREECE AND TURKEY

## Greek Government Seeks U.S. Financial Aid

MESSAGE TO THE PRESIDENT AND THE SECRETARY OF STATE FROM  
THE GREEK PRIME MINISTER AND THE MINISTER FOR FOREIGN AFFAIRS<sup>1</sup>

Sir: I have the honor, on instruction of my Government, to convey the following urgent message to His Excellency the President of the United States and to Your Excellency:

"Owing to the systematic devastation of Greece, the debilitation and debilitation of her people and the destruction of her economy through four invasions and protracted enemy occupations, as well as through disturbances in the wake of war, and despite the valuable assistance rendered by our Allies during and after the war for which the Greek people feel profoundly grateful, further and immediate assistance has unfortunately become vital. It is impossible to exaggerate the magnitude of the difficulties that beset those survivors in Greece who are devoting themselves to the restoration of their country. Such means of survival as remained to the Greek people after the enemy withdrew have now been exhausted so that today Greece is without funds to finance the import even of those consumable goods that are essential for her subsistence. In such circumstances the Greek people cannot make progress in attacking the problems of reconstruction, though substantial reconstruction must be begun if the situation in Greece is not in addition to be critical.

"The Greek Government and people are therefore compelled to appeal to the Government of the United States and through it to the American people for financial, economic and expert assistance. For Greece to survive the need here:

"1. The financial and other assistance which will enable her immediately to resume purchases of the food, clothing, fuel, seeds and the like that are indispensable for the subsistence of her people and that are obtainable only from abroad.

"2. The financial and other assistance necessary to enable the civil and military establishments of the Government to obtain from abroad the means

of restoring in the country the tranquillity and feeling of security indispensable to the achievement of economic and political recovery.

"3. Aid in obtaining the financial and other assistance that will enable Greece and the Greek people to create the means for self-support in the future. This involves problems which naturally cannot be solved unless we surmount the crisis immediately confronting us.

"4. The aid of experienced American administrative, economic and technical personnel to ensure the utilization in an effective and up-to-date manner of the financial and other assistance given to Greece, to help to restore a healthy condition in the domestic economy and public administration and to train the young people of Greece to assume their responsibilities in a reconstructed economy.

"The need is great. The determination of the Greek people to do all in their power to restore Greece as a self-supporting, self-respecting democracy is also great; but the situation in Greece has been so complete as to rob the Greek people of the power to meet the situation by themselves. It is because of these circumstances that they turn to America for aid.

"It is the profound hope of the Greek Government that the Government of the United States will find a way to render to Greece without delay the assistance for which it now appeals.

"Signed: D. MAXIMOS, Prime Minister, C. TRIANTAFYLLOU, Deputy Prime Minister and Minister for Foreign Affairs."

Accept, etc. PAUL ROSENTHAL-GOTTALD  
His Excellency GEORGE C. MARSHALL  
Secretary of State  
Washington, D. C.

<sup>1</sup> Delivered by the Chargé d'Affaires of Greece to Washington on May 3, 1947, and released to the press on May 4.

## STATEMENT BY THE SECRETARY OF STATE

(Released to the press March 21)

For some time this Government has been endeavoring in various ways to assist in the restoration of the economy of Greece. Spurred by appeals from the Greek Government, it has been studying ways and means of providing additional assistance. This study impelled the dispatch of the economic mission headed by Paul A. Porter which is now in Greece. It has also involved consultations and exchanges of views with the Greek Government and the British Government, which has likewise been bending every effort to help Greece.

Recently reports from our own representatives and from the Greek and British Governments have shown that the economic condition of Greece has deteriorated to the verge of collapse. The Greek

Government has renewed its request for help. In the light of the world situation, this is a matter of primary importance to the United States. It has received the urgent attention of the President and the executive agencies concerned. It has been discussed with the appropriate congressional leaders.

I cannot say anything today regarding the action which may be taken, other than that a full public statement will be made very soon, when the executive agencies have completed their consideration of the matter. The problems involved are so far-reaching and of such transcendent importance that any announcement relating to them could properly come only from the President himself. The final decisions will rest with the President and the Congress.

## Recommendations in Greece and Turkey

### MESSAGE OF THE PRESIDENT TO THE CONGRESS<sup>1</sup>

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE  
CONGRESS OF THE UNITED STATES:

The gravity of the situation which confronts the world today necessitates my appearance before a joint session of the Congress.

The foreign policy and the national security of this country are involved.

One aspect of the present situation, which I wish to present to you at this time for your consideration and decision, concerns Greece and Turkey.

The United States has received from the Greek Government an urgent appeal for financial and economic assistance. Preliminary reports from the American Economic Mission now in Greece and reports from the American Ambassador in Greece corroborate the statement of the Greek Government that assistance is imperative if Greece is to survive as a free nation.

I do not believe that the American people and the Congress wish to turn a deaf ear to the appeal of the Greek Government.

Greece is not a rich country. Lack of sufficient natural resources has always forced the Greek people to work hard to make both ends meet. Since 1940 this industrious and peace-loving country has suffered in sales, five years of cruel enemy occupation, and bitter internal strife.

When forces of Germanic origin overran Greece they found that the retreating Germans had destroyed virtually all the railways, roads, port facilities, communications, and merchant marine. More than a thousand villages had been burned. Eighty-five percent of the children were tubercular. Livestock, poultry, and draft animals had almost disappeared. Inflation had wiped out practically all savings.

As a result of these tragic conditions, a militant minority, exploiting human want and misery, was able to create political chaos which, until now, has made economic recovery impossible.

Greece is today without funds to finance the

importation of those goods which are essential to bare subsistence. Under these circumstances the people of Greece cannot make progress in solving their problems of reconstruction. Greece is in desperate need of financial and economic assistance to enable it to resume purchases of food, clothing, fuel, and made. There are indispensable for the subsistence of its people and are obtainable only from abroad. Greece must have help to import the goods necessary to restore internal order and security so essential for economic and political recovery.

The Greek Government has also asked for the assistance of experienced American administrators, economists, and technicians to insure that the financial and other aid given to Greece shall be used effectively in creating a stable and self-sustaining economy and in improving its public administration.

The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy

<sup>1</sup> Delivered by the President before a joint session of Congress on May 12, 1947, and released to the press by the White House on the same date. This message has also been printed as Department of State publication 1947. The full text of the President's speech was transmitted into eight languages and broadcast in 41 foreign languages to 21 spots, the Soviet Union, and the Far East. Transcription of the speech was broadcast several times in all the 26 languages of the "Voice of the United States of America."

At the President's wish speaking at the Capitol a "live" broadcast of his voice was transmitted to Europe and to the Middle East through relay at Algiers. A recording of the President's voice was broadcast to Latin America at 2:45 and 9:35 p.m. on March 12; to the Far East at 2:45 p.m. on March 12 and at 2 and 9:30 a.m. on March 13, and to Europe and the Middle East at 9:30 a.m. on March 13. With the time changes around the world, the broadcasts carried the President's voice to 11 parts of the world at the most favorable listening hours during the morning, afternoon, and evening.

Since the "Voice of the United States of America" does not include the Greek and Arabic languages, the President's message was heard in Greece and Turkey only in the English language.

the Government's authority at a number of points, particularly along the northern boundaries. A commission appointed by the United Nations Security Council is at present investigating disturbed conditions in northern Greece and alleged border violations along the frontier between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other.<sup>5</sup>

Meanwhile, the Greek Government is unable to cope with the situation. The Greek Army is small and poorly equipped. It needs supplies and equipment if it is to restore authority to the Government throughout Greek territory.

Greece must have assistance if it is to become a self-supporting and self-respecting democracy.

The United States must supply that assistance. We have already extended to Greece certain types of relief and economic aid, but these are inadequate.

There is no other country to which democratic Greece can turn.

No other nation is willing and able to provide the necessary support for a democratic Greek Government.

The British Government, which has been helping Greece, can give no further financial or economic aid after March 31. Great Britain finds it will need the necessity of reducing or liquidating its commitments in several parts of the world, including Greece.

We have considered how the United Nations might assist in this crisis. But the situation is so urgent one requiring immediate action, and the United Nations and its related organizations are not in a position to obtain help of the kind that is required.

It is important to note that the Greek Government has asked for our aid in utilizing effectively the financial and other assistance we may give to Greece, and in improving its public administration. It is of the utmost importance that we supervise the use of any funds made available to Greece, in such a manner that each dollar spent will mean toward making Greece self-supporting, and will help to build an economy in which a healthy democracy can flourish.

No government is perfect. One of the chief virtues of a democracy, however, is that its defects are always visible and under democratic processes can be pointed out and corrected. The Govern-

ment of Greece is not perfect. Nevertheless it represents 23 percent of the members of the Greek Parliament who vote alone in an election last year. Foreign observers, including 600 Americans, considered this election to be a fair expression of the views of the Greek people.

The Greek Government has been operating in an atmosphere of chaos and extremism. It has made mistakes. The extremes of which this country does not mean that the United States condones everything that the Greek Government has done or will do. We have condemned in the past, and we condemn now, extremist measures of the right or the left. We have in the past advised tolerance, and we advise tolerance now.

Greece's neighbor, Turkey, also deserves our attention.

The future of Turkey as an independent and economically sound state is clearly no less important to the freedom-loving peoples of the world than the future of Greece. The circumstances in which Turkey finds itself today are considerably different from those of Greece. Turkey has been spared the disasters that have befallen Greece. And during the war the United States and Great Britain furnished Turkey with material aid.

Nevertheless, Turkey now needs our support.

Since the war Turkey has sought additional financial assistance from Great Britain and the United States for the purpose of effecting that modernization necessary for the maintenance of its national integrity.

That integrity is essential to the preservation of order in the Middle East.

The British Government has informed us that, owing to its own difficulties, it can no longer extend financial or economic aid to Turkey.

As in the case of Greece, if Turkey is to have the assistance it needs, the United States must supply it. We are the only country able to provide that help.

I am fully aware of the broad implications involved if the United States extends assistance to Greece and Turkey, and I shall discuss those implications with you at this time.

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. This was a fundamental issue in the war with Germany and Japan. Our victory was won over coercion

<sup>5</sup> *Bulletin of Jan. 2, 1948, p. 23*

which sought to impose their will, and their way of life, upon other nations.

To ensure the peaceful development of nations, free from coercion, the United States has taken a leading part in establishing the United Nations. The United Nations is designed to make possible lasting freedom and independence for all its members. We shall not realize our objectives, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is so clear that a tacit recognition that totalitarian regimes imposed upon free peoples, by direct or indirect aggression, undermines the foundations of international peace and hence the security of the United States.

The peoples of a number of countries of the world have recently had totalitarian regimes forced upon them against their will. The Government of the United States has made frequent protest against coercion and intimidation, as violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I must also state that in a number of other countries there have been similar developments.

At the present moment in world history every nation must choose between alternative ways of life. The choice is no longer set a free one.

One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantee of individual liberty, freedom of speech and religion, and freedom from political oppression.

The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the status quo is not moved. And we cannot allow changes in the status quo.

any in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as national liberation. In helping the free, independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations.

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation are of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon its neighbor, Turkey, would be immediate and serious. Confusion and disorder might well spread throughout the entire Middle East.

Moreover, the disappearance of Greece as an independent state would have a profound effect upon those countries in Europe whose peoples are struggling against great difficulties to maintain their freedom and their independence while they repair the damage of war.

It would be an unspeakable tragedy if those countries, which have struggled so long against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disastrous not only for those but for the world. Disengagement and possible failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

Should we fail to aid Greece and Turkey in this fearful hour, the effect will be far-reaching to the West as well as to the East.

We must take immediate and resolute action.

I therefore ask the Congress to provide authority for assistance to Greece and Turkey in the amount of \$400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into consideration the maximum amount of relief assistance which would be furnished to Greece out of the \$200,000,000 which I recently requested that the Congress authorize for the provision of starvation and suffering in countries devastated by the war.

In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in the tasks of reconstruction, and for the purpose of supervising the use of such financial and material assistance as may be furnished. I recommend that authority

also be provided for the instruction and training of selected Greek and Turkish personnel.

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for purposes indicated in this message, I shall not hesitate to bring the situation before the Congress. On this subject the Executive and Legislative branches of the Government must work together.

This is a serious course upon which we embark.

I would not recommend it except that the alternative is much more serious.

The United States contributed \$241,000,000,000 toward winning World War II. This is an investment in world freedom and world peace.

The assistance that I am recommending for

Greece and Turkey amounts to little more than one tenth of one percent of this investment. It is only common sense that we should safeguard this investment and make sure that it was not in vain.

The seeds of totalitarian regimes are sown by misery and want. They spread and grow in the evil soil of poverty and strife. They reach their full growth when the hope of a people for a better life has died.

We must keep that hope alive.

The free peoples of the world look to us for support in maintaining their freedom.

If we falter in our leadership, we may endanger the peace of the world—and we shall surely endanger the welfare of our own Nation.

Great responsibilities have been placed upon us by the swift movement of events.

I am confident that the Congress will face these responsibilities squarely.

## Messages From the Greek Prime Minister and the Leader of the Parliamentary Opposition

### STATEMENT BY PRESIDENT TRUMAN

(Released to the press by the White House March 1941)

I have just received two warm and appreciative messages from Greece, one from Prime Minister Metaxas and one from Mr. Theodoros Sophoulis, leader of the Parliamentary Opposition. Both of these messages welcome the prospect of the kind of American assistance which I recently requested Congress to authorize and pledge the whole-hearted support of the Greek people in devoting any aid that may be forthcoming to the purpose of constructive rehabilitation and the return of peace and freedom. These two statements bear witness to the fact that all of the Greek Parliament, including the Opposition as well as those parties now represented in the Coalition cabinet, are prepared to cooperate unreservedly with the United States Government in its desire to assist Greece in restoring those basic

conditions of economic stability and internal order which will allow the Greek people to build their future in peace and security.

I sincerely hope that these evidences of good-will mark the beginning of a happier era for Greece, in which all loyal citizens will contribute their share toward the restoration of a country of whose democratic history they may be proud. It is also my profound hope that those Greeks who have taken up arms against their government will accept with confidence the amnesty which the Greek Government is extending to all except those guilty of crimes against the common law. The Greek people, aware of the sympathetic interest of the American people, will, I am sure, rally their strength to revitalize their national life, forgetting past animosities and looking courageously toward a hopeful future.

### TEXTS OF MESSAGES

(Released to the press by the White House March 1941)

His Excellency HARRY TRUMAN,  
President of the United States.  
My Dear Mr. President:

It is with great emotion that I hasten to express to you the gratitude of the Greek Government, as well as my own, for your momentous address to Congress. It is destined to have a decisive influence on the future of the world, and especially on that of our Greek people, a significant encouragement in the just and noble struggle they are waging for the principles of freedom and democracy. You are aware that the Greek people have long ago chosen between the two ways of life which constitute at the present historical moment the only choice for the peoples of the world. This way of life, which is based upon the will of the majority and distinguished by free institutions, representative government, free elections, and guarantee of individual liberty, has been won for thousands

of years. That is why we defied the Axis forces which accumulated upon one people insurmountable calamities. That is also why we are now facing a subversive movement of a militant minority which is supported from abroad and is seeking to impose its will upon the majority of the people by force of arms and terrorism. This struggle is an exceptionally hard one because it has found the nation exhausted by the devastation wrought by war and corruption as your distinguished representatives in Greece, the Ambassador of the USA and the Chief of the American Economic Mission, have so accurately informed you. Its prolongation would definitely stop the economic recovery of our people and dangerously weaken the nation's capacity of resistance. That is why your announcement concerning the present assistance of the great American democracy has revived the hopes of all of us and has convinced us that the time is no longer far when Greece, free from all trials, will regain her

peaceful among the happy and peace loving democracies of the world. You declare that you have condemned in the past and condemn now aggression, either of the right or of the left, and that in the past you have advised tolerance which you also advise now.

The Greek Government, chosen by the free will of the Greek people and based upon the confidence of its great majority, is exactly following the policy which you suggest by defending free institutions with conviction by maintaining a state of law for all and by offering an amnesty in order to put a quick end to the abnormal situation.

The Greek people are well aware of the importance of your assistance under the present circumstances and through me give you the assured assurance that they will prove themselves worthy of the solidarity and the confidence which you are extending to them, confident that the policy outlined by your address will soon bring peace and happiness to this part of the world and that Greece by recovering her tranquillity and applying herself undistractedly to productive work will become

an example for peace loving and progressive democratic peoples.

I assure you, Mr. President, of the eternal gratitude of the Greek nation. I have the honor to be, my dear Mr. President,

Yours faithfully,

D. MAXIMOU, *Prime Minister of Greece*

*The President of the United States,*

*Harry Truman:*

Please accept the expression of our deepest gratitude for the valuable assistance which you have kindly proposed to Congress in favor of Greece for her economic rehabilitation, the stabilization of her freedom and independence, and for her internal pacification. The assistance of the United States and your own advice concerning the extension of the right and left and recommending a policy of tolerance will also contribute, I am sure, to the internal pacification of Greece without further bloodshed.

*THEODORE STROGHILOU*

*The Leader of the Opposition Committee*

# STATEMENT BY U.S. REPRESENTATIVE AT THE SEAT OF THE UNITED NATIONS:

The United States is dedicated to the principles of the United Nations Charter and to the building up of collective security. Support of the freedom

<sup>1</sup>Made by Warren R. Austin, U.S. Representative at the Seat of the United Nations, on May 12, 1947, and returned to the press by the U.S. Delegation to the U.N. on the same date.

and independence of Greece and Turkey is essential to these purposes. Prompt approval by Congress of the President's proposal would be an effective action by the United States in supporting with all our strength our policy in the United Nations.



## Senate and House Committee Hearings

### STATEMENT BY ACTING SECRETARY ACHONSON<sup>1</sup>

Three weeks ago the British Government informed the Department of State that as of March 31 it would be obliged to discontinue the financial, economic, and advisory assistance which it has been giving to Greece and Turkey.

A few days later we received from the Greek Government an urgent appeal for financial, economic, and expert assistance. Assistance is imperative, says the Greek Government, if Greece is to survive and free action.

At various times during recent months the Turkish Government has applied to the United States for financial aid, but the Government has not had the facilities for responding to these requests. With the withdrawal of British aid, the needs of Turkey for assistance are greatly increased.

This, then, is the situation with which we have to deal. Greece and Turkey are in urgent need of aid, and there is no other country to which they may turn. The President in his message to Congress on March 12 recommended that this Government extend the necessary assistance.<sup>2</sup>

The problem with which we are faced has a history and a background. Greece's difficulties are not new. But they have become acute as a result of special circumstances.

Long before the war Greece had a hard time making ends meet. Her poverty of natural resources is so great that she has always needed more imports than she could pay for with exports. Only by hard-to-mouth contriving has she been able to maintain a precarious balance in her international economic position. In the past much of her export trade naturally went to central European markets, particularly to Germany; during the thirties she was forced into closer dependence on Germany through clearing agreements and other instruments of Nazi economic warfare.

And then came the Italian invasion, the German invasion, four years of cruel money competition, and the scorching of her earth by the retreating enemy. Perhaps no other country in the world

has suffered greater destruction of its physical resources than Greece.

I should like to focus your attention upon four conditions which were found to exist at the time of Greece's liberation:

1. Physical destruction had catastrophically impaired Greece's ability to produce, either for home consumption or for export;

2. Greece's entire fiscal system had been destroyed;

3. The Greek civil service and administrative system had been greatly impaired through starvation and by death, undermined by infiltration of undesirable elements, demoralized by inflation and the resultant scramble for currency; and

4. The authority of the Greek state was threatened by several thousand armed men who defied and continue to defy it in certain areas of the country. This situation in part grew out of the arming of guerrilla bands during the war of liberation. Many of these people have retained their weapons, and certain bands now use them, fighting to resolve political differences that might otherwise be peacefully settled. The Greek Government has charged before the Security Council of the United Nations that the insurgent groups operating in northern Greece are assisted from outside Greece by supplies and training in neighboring countries. A commission appointed by the Security Council of the United Nations is now investigating these charges.

In the period of more than two years since its liberation, Greece has received substantial relief assistance from the United Nations Relief and Rehabilitation Administration. Great Britain has also extended very substantial aid to Greece in an effort to supplement the relief and reconstruction

<sup>1</sup> Made before the House Foreign Affairs Committee on Mar. 26, 1947, and released to the press on the same date.

<sup>2</sup> HOLLANDER of Mar. 23, 1947, p. 124.

efforts of UNRRA, and to organize and equip the Greek Army.

However, at the end of this current month outside assistance to Greece is scheduled to stop. UNRRA is going out of business in Greece, and British assistance, for reasons of which you are aware, is to be discontinued.

The cessation of outside aid to Greece means immediate crisis. Unless help is forthcoming from some other quarter, Greece's economy will quickly collapse, very probably carrying away with it the authority of the Government and its power to maintain order and the racial frontier.

Essential imports for civilians and for the army alike; the circumstances can continue for only a few weeks. Two weeks ago the dollar resources available to Greece were only \$14,000,000—enough for one month's imports of food and other necessities from the United States and other countries. If imports should cease, the price of such goods as are available would very rapidly reach astronomical figures. This is inflation. Its result is a country so dependent upon imports would be paralyzed at the government and of economic life. It would also very probably mean the end of Greek freedom and independence.

The armed bands in the north, under Communist leadership, are already fighting, Greek against Greek. In the event of economic collapse and government paralysis, these bands would undoubtedly increase in strength until they took over Greece and instituted a totalitarian government similar to those prevailing in countries to the north of Greece. The rule of an armed minority would fasten itself upon the people of Greece.

In this critical situation Greece has urgently asked the United States for help. She requests financial assistance for the following purposes: (1) to enable her to carry on essential imports of food, clothing, and fuel necessary for the subsistence of her people; (2) to enable her to organize and equip her army in such a way that it will be able to restore order throughout her territory; and (3) to enable her to begin the process of reconstruction by putting her production facilities in order. (4) Finally, Greece requests the aid of experienced American administrators, economic, and technical personnel to assure the effective utilization of whatever financial aid may be extended her and to help her to begin the re-

construction of her own economy and public administration.

The situation in Turkey is substantially different, but Turkey also needs our help. The Turkish Army has been mobilized since the beginning of World War II and thus has put a severe strain upon the national economy. During the war Turkey received substantial assistance from Great Britain and the United States, which helped her to carry this load.

Today the Turkish economy is no longer able to carry the full load required for its national defense and at the same time proceed with that economic development which is necessary to keep the country in sound condition. With some help from the United States, and further assistance which Turkey may be able to negotiate with United Nations financial organs, Turkey should be in a position to continue the development of her own resources and increase her productivity, while at the same time maintaining her national defenses at a level necessary to protect her freedom and independence.

The crisis in Greece and Turkey confronts us with only two alternatives. We can either grant aid to these countries or we can deny that aid. There is no possibility of putting the responsibility for extending the aid which Greece has asked from the United States on some other action on upon the United Nations.

This becomes clear when we consider the specific problems that confront Greece today and the specific kinds of assistance that Greece has requested from the United Nations on the one hand and from the United States on the other.

Let us consider first the problem arising from outside Greece's borders. Greece has charged before the Security Council that armed bands operating within her territory are partly supplied, trained, and given refuge in neighboring countries and are moving back and forth across the borders. Greece has asked the United Nations for help in dealing with this situation. This is precisely a United Nations problem and one with which the United Nations is dealing expeditiously and effectively. In this matter the United States is supporting the Security Council's action energetically.

The second problem confronting the Greek Government is the need for supplies and funds to enable it to meet its internal obligations, namely,

the restoration of order in the country and the starting of economic collapse. The United Nations Relief and Rehabilitation Administration and the British Government have been helping Greece with these particular problems, and the present crisis has arisen because these two supports must be withdrawn. To whom was Greece to turn? If Greece had applied to the United Nations or any of its related organizations, the essential element of time would have been lost and the end result, if any, would have been the same.

The United Nations does not of itself possess funds. The Economic and Social Council is an advisory body that recommends economic, financial, and social action to member states. The International Bank, which is just now completing its organization, is set up primarily to make self-liquidating loans for long-term reconstruction purposes. It has not yet made any loans whatsoever. The Economic Commission for Europe is still in its early organization stage.

It may be that at some future time the United Nations will be organized and equipped so as to render emergency aid to member states of the kind now needed in Greece and Turkey. But as the President said, the United Nations and its related organizations are not now in position to extend help of the kind that is required. Even if some organ of the United Nations should decide to recommend assistance to Greece and Turkey, it would have eventually to turn primarily to the United States for funds and supplies and technical assistance. Even if the project were not blocked by the objections of certain members of the United Nations, much time would have been lost, and then is of the essence.

The third problem confronting Greece is one of expert personnel. Greece has lacked that problem, and we heartily agree, with the supply of funds. Greece is in the most serious need of expert aid and assistance. We believe, and we think Congress believes, that the expenditure of American funds in Greece and Turkey should be supervised by American experts.

There are the emergency aspects of the problem.

In the longer range, the United Nations may be able to take over various parts of the economic and financial problems in Greece and Turkey. We are giving serious study and consideration to ways in which the United Nations may take hold of this problem after the present emergency is past.

I have said that the two alternatives that are before us are to give the help requested, or to deny it. An essential step in considering the wisdom of any policy is to look at the alternatives. What are the probable consequences of not extending aid to Greece and Turkey?

I have already indicated what would more than likely happen in Greece. As the President said, however, it is necessary only to glance at the map to realize that the survival and integrity of Greece is of grave importance in a much wider question. The remarkable facts of geography link the future of Greece and Turkey. Should the integrity and independence of Greece be lost or compromised the effect upon Turkey is inevitable.

But the effect is even wider. Consider for a moment the situation of the countries to the east and south of Turkey. All of them are confronted with the economic problems of the past and of the war. Some of them are just emerging into starved. These nations wish and should be able to develop and maintain free institutions and individual liberties, but untoward circumstances may force them in the other direction. Will these countries be able to solve the extremely difficult problems that confront them in ways compatible with free institutions and individual liberty? It is vital to our own interests to do all in our power to help them solve their economic difficulties in such a way that their choice will be in favor of freedom.

I need not emphasize to you what would more than likely be the effect on the nations in the Middle East of a collapse in Greece and Turkey, and the installation of totalitarian regimes there. Both from the point of view of economic and morale, the effects upon countries to the east would be enormous, especially if the failure in Greece and Turkey should come about as the result of the failure of this great democracy to come to their aid. On the other hand, I ask you to consider the effects on their morale and their internal development should Greece and Turkey receive a helping hand from the United States, the country with which they closely associate the principles of freedom. It is not too much to say that the outcome in Greece and Turkey will be watched with deep interest throughout the vast area from the Dardanelles to the China Sea.

It is also being watched with deepest anxiety by the peoples to the west, particularly the peoples of

Europe, who, as the President said, are struggling against great difficulties to maintain their freedom and independence while they repair the damage of war.

As the President said, it would be an unspeakable tragedy if these countries, which have struggled so long against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disastrous not only for these but for the world. Discouragement and possible failure would quickly be the lot of neighboring people striving to maintain their freedom and independence.

I have tried to outline to you the nature of the present crisis, and to describe some of its implications.

#### STATEMENT BY UNDER SECRETARY CLAYTON

The general political situation in Greece has already been outlined by Mr. Scherer. I should like to explain with you the economic position of the country and the events which have brought the Greek economy to a state of near collapse.

Even before the war, Greece was a poor country. Her per capita income was one of the lowest in Europe; labor productivity was low in both agriculture and industry; population pressed on limited resources; and there was a constant deficit in the balance of trade.

Greece entered the war on the side of the United Nations relatively early in the conflict. By April 1941, Greece was completely occupied by enemy forces and remained under occupation until late in 1944. During this period, the Greek economy was operated almost entirely by and for the enemy war-machine. Through such devices as issue of occupation currency, drafts on the Greek Government, clearing arrangements which gave exports to the enemy without compensation, requisitions, confiscations, and the like, the Greek economy was systematically and progressively stripped and at the same time billions of drachmas were pumped into circulation.

One of the first acts of the German occupation authorities was to requisition existing stocks of Greek food, already seriously depleted. Agricultural products were regularly requisitioned in various areas and sometimes the Germans themselves

harvested crops to keep them from the local population. Clothing was requisitioned in Crete and other Greek areas. The Germans mined trees, pipes, machinery, and raw materials to whatever extent was required by the German armed forces and the German economy. Greek industry was used to meet the conqueror's needs at home and to supply the necessary spare parts and repairs for his damaged equipment. Machinery in factories that could have supplied Greek civilian requirements was removed and replaced by machinery designed especially to maintain German war equipment.

As the enemy forces withdrew, they put into effect a policy of systematic destruction calculated to wreck the Greek economy to such an extent that a liberated Greece would have slight prospect of normal recovery in the foreseeable future. The physical damage inflicted on the country was sufficient to result in almost complete paralysis. Masses of communications were destroyed, port facilities wrecked, and bridges demolished. Livestock was carried off, villages burned, railways torn up and the Corinth Canal dynamited.

The following figures will serve to highlight the heavy material losses suffered by Greece from the war. Of 88 passenger ships in 1939 only 8 remained. Less than one quarter of the cargo vessels were still afloat. The Greek State Railways had lost over 80 percent of their rolling stock and nearly 80 percent of their locomotives. Half of the highway system was unusable and half the

\* Made before the House Foreign Affairs Committee on May 24, 1947, and released to the press on the same day.

bridges were out. A large proportion of the livestock and draft animals had disappeared. Industrial production was only a small fraction of that in 1933. Agricultural production had not suffered as much but was still substantially below pre-war levels.

In addition to the visible damage sustained by Greece, the Greek economy fell prey to progressive inflation, which stemmed largely from the heavy occupation costs levied by the enemy. At one point in the summer of 1943, occupation-cost payments reached 30 billion drachmas monthly. It may be estimated from Greek Government figures that occupation costs totaled a war 431 million 1938 dollars. In addition, Greece incurred heavy drachma expenses for products shipped to the Axis during the occupation under the clearing arrangements with Germany and Italy. Both clearings at the end of occupation reflected net unpaid exports by Greece totaling about 334 million 1938 dollars. By illustration, such fantastic amounts of drachmas were in circulation that the currency system was on the verge of complete collapse.

In fact, the Greek Government-in-Exile was compelled almost immediately upon its return to Greece to abandon the old currency and establish a new one. Conversion was effected in November 1944 at the rate of 30 billion old to 1 new drachma. This had the effect of wiping out bank deposits and destroying the value of Greek Government bonds and other obligations.

The fiscal position of the Greek Government on liberation was also appalling. The machinery of government was disorganized. The pre-war institutions had completely collapsed during the occupation on their principal as well as on the national level. At the same time the financial burdens of the Government were greatly increased. Hospitals, schools, and many other essential services had to be financed from the national treasury when the municipalities were bankrupt. The Greeks' heavy fight to preserve their independence against impossible odds and the subsequent occupation had greatly increased the number of widows, orphans, and war-maimed entitled to pensions. Moreover unsettled world conditions imposed a further heavy burden on the Greek budget for military needs even though the British Government made a substantial contribution in this respect.

Ever since liberation the Greek Government has

been faced with a mounting budget deficit. Unfortunately, however, the lack of confidence in the currency and credit of the Government engendered by the inflationary experience through which the Greek people have just passed has meant that the Government has been unable to float any internal bond issues since the drastic currency conversion of November 1944. Lack of confidence in the currency is also reflected in the absence of any appreciable savings in the form of bank deposits. This in turn has limited the ability of Greek banks to supply essential credits to the Government or to business and industry to finance rehabilitation and reconstruction. As a result, reconstruction has been greatly retarded and the Government has been forced to cover the deficit in effect by currency issues.

These currency issues have inevitably added to the inflation in Greece, creating upward pressure on prices and the exchange rate. The over-all cost of living is now more than 100 times as high as in 1938. Wages have increased but not proportionately, with the result that there has been a drastic decline in real wages. The exchange rate has had to be adjusted from 150 per dollar established at liberation to 3000 per dollar fixed in January 1945. Even this rate has been consistently below black-market rates, which are now in the neighborhood of \$200 to the dollar. The rate for gold is even higher, standing at approximately 14,000 drachmas per dollar.

In these circumstances the Greek Government has made efforts to attain stability by the expedient of selling gold sovereigns at premium rates. While this practice may have had some effect in stabilizing the value of the drachmas, it has also reduced the gold and foreign-exchange reserves of the Government to a dangerously low point.

Greece finds herself today with virtually no gold or dollar resources left, with relatively little reconstruction accomplished, and with an economy which threatens to collapse at the onset of almost any serious adverse development. The shock to confidence from the inflationary experience of recent years was itself enough seriously to disrupt the normal functioning of the economy. This, added to the destruction wrought by the war, the political uncertainties facing the nation, and the guerrilla activities impeding life and prop-

erty in the interior, has caused virtual paralysis of the normal economic processes by which Greece might otherwise have been able to work out her own salvation.

The assistance heretofore provided by UNRRA and the British has succeeded in preventing actual starvation. It has been far from sufficient to restore Greece to a position where she could become self-supporting. With the curtailment of the help provided by UNRRA and the British, Greece needs substantial outside assistance if suffering and political turmoil are to be avoided. Such assistance can only come from the United States in the form and in the amount required.

I shall endeavor to outline the program of assistance which is proposed. The Congress has already been advised that with the termination of UNRRA shipments Greece will require minimum relief and of \$4 million dollars if serious malnutrition and further retrogression in the minimum operation of the economy are to be prevented. This sum will be provided under the post-UNRRA bill if this is approved by the Congress.

Provision of relief and in the amount will not, however, be sufficient to restore domestic security or provide the minimum reconstruction and stability which are necessary if Greece is again to take her place among the self-supporting democracies of the world.

For this purpose it is believed that approximately \$60 million dollars will be necessary. Of this approximately half would be devoted to making available to the Greek armed forces the arms, ammunition, clothing, ration, and equipment necessary to deal effectively with the guerrillas. The political and military reasons for strengthening the Greek Army have been discussed by others, but I should like to emphasize that the establishment of military security is an essential prerequisite to economic stability. The economic difficulties of Greece have been seriously complicated by a general lack of confidence in the future of Greece as an independent state. Establishment of military security will enable the Greek Government and people to concentrate their efforts upon the solution of their economic problems, and renewed hope and confidence will encourage Greek private enterprise to undertake a larger share of the tasks of reconstruction.

The civilian program envisaged will cost ap-

proximately 180 million dollars. I would like to indicate very briefly the nature of this program, in particular the import or foreign-exchange elements involved.

We have estimated that imported equipment and materials for reconstruction until June 30, 1948 will cost approximately 30 million dollars. The first priority in reconstruction must be given to the restoration of transport and public utilities. Internal transportation in Greece is a serious bottleneck to further recovery. Until the railroad network is fully restored and sufficient rolling stock provided, the present excessive diversion of traffic to trucks will have to be continued with attendant high costs which hamper internal distribution and exports.

Greek roads have deteriorated very seriously and are in such unwholesome bad condition that the life of vehicles is only a fraction of normal, and operating costs are extremely high. The two principal Greek ports, Piraeus and Salonica, were very badly damaged and have been restored on only a provisional basis.

In order to make progress toward the restoration of the Greek transport system, it will be necessary to import considerable quantities of rolling stock, rails, structural steel and bridge-building material, road machinery and earth-moving equipment, ocean vehicles, and the services of the United States contractors and technicians.

Restoration of damaged and destroyed electric utilities and communications systems must also be given a high priority. Substantial imports of electrical machinery and communications equipment will be required.

Agriculture, which is the basis of the Greek economy, depends heavily upon the various flood-control, irrigation, and water-control facilities. During the war these facilities were neglected by the invaders, and the equipment necessary to keep them in good condition was either destroyed or removed. The dams, dikes, canals, and ditches here, as a result, deteriorated very seriously, and unless they can be reclaimed very soon further deterioration and loss of agricultural output is inevitable. For example, the Thessalonica Plains project, which drains and irrigates an area of roughly 440 square miles along the Axios River in north-central Greece, has been virtually without maintenance since the beginning of the war. In order to reclaim this vital project, each phase of

equipment as hydraulic dredges, drag lines, bull-dozers, and tractors are needed as well as maintenance equipment for these items. Such equipment will have to be imported.

During the war much industrial plant in Greece was left and the Nazis removed and destroyed considerable industrial equipment. Missions suffered very seriously. Imports of industrial equipment will be required to permit Greek production to return to pre-war levels.

Any visitor to rural Greece is impressed by the warlike destruction of rural dwellings, of which over 100,000 were destroyed and 50,000 badly damaged. The foreign exchange costs of beginning the restoration of this ramshackle housing are a small but vital element in the job.

Aids from the problem of basic reconstruction, Greece urgently needs further assistance in the rehabilitation of agriculture. UNRRA has made a start by the importation of some livestock, farm machinery, food processing equipment, and the like. This program includes 20 million dollars for this important task.

This 20 million dollars and the 20 million dollars for reconstruction are to cover the cost of foreign goods and services entering directly into these programs. But in order to carry out the reconstruction program it will also be necessary to employ local labor and materials. Greek labor and raw-material producers will be paid in drachmas. However, the Greek laborer or raw-material producer cannot be expected to make available his services or products unless he can convert the drachmas he receives into the goods and services required by himself and his family.

Even with the additional supplies of food and clothing to be provided for abroad under the direct relief program, the total supply of goods and services available for purchase will be barely sufficient to permit holders of drachmas to convert them into the necessities of life. Large drachma payments must be made in connection with the proposed reconstruction program, and such increased drachma purchasing power will exert a tremendous pressure upon the limited supply of goods. In such circumstances, each new drachma recipient would bid against his neighbor for available supplies, and the result would be a rapid rise in prices. Wage earners and raw-material producers would soon find that their drachma receipts were inadequate to produce the necessities of life, and they would de-

mand increased payment for their labor and products. If the basic shortage of goods were not remedied, increased wages and prices to producers would not enable them to procure the goods they require, but would only lead to even greater competitive bidding and further price rises. Price controls and rationing are only temporary palliatives under such circumstances, and experience has shown that the effective operation of controls of this nature cannot be expected in Greece under such circumstances.

It is our firm opinion that the reconstruction program in Greece cannot be carried out successfully unless consumers' goods are made available from abroad, roughly equivalent in value to the drachma expenditures in connection therewith. The best available estimate of these expenditures is 20 million dollars. Greece itself is the cheapest source of the labor and of much of the raw materials required for the reconstruction program, and of course such labor and materials should be utilized to the utmost. The program method of carrying out an integrated program of reconstruction, including the procurement and distribution of the necessary consumers' goods, should, I believe, be left for determination by the American mission which it is proposed to send to Greece.

To summarize: The 120-million-dollar civilian program for Greece consists of the 20-million-dollar agricultural rehabilitation program and a reconstruction program which includes 60 million dollars for foreign-exchange costs and 40 million dollars for internal costs.

I should like to emphasize that all the estimates I have given you are necessarily rough approximations and that it is essential that flexibility be maintained, so that adjustments between various portions of the program can be made in the light of experience and developments which cannot now be anticipated in detail.

The funds made available under this program must, of course, be utilized to best advantage so that our objectives may be achieved efficiently and economically. It will be necessary to send a civilian mission to Greece to administer the Government's interest in the program. We must now say what the size of such a mission would be, or how it would be organized; these questions are still under study.

It is clear that we should not make any expenditures for the Greek program until specific

considered unacceptable for the smooth running of the state.

#### 4. Disposal of incompetent civil servants.

I cite Mr. Marshall's declaration of economic policy only for the purpose of indicating that there is a recognition by the present Government that firm measures will be necessary if inflation is to be checked and Greece is to make the maximum use of her own resources. However, for any program of this general character to be made specific and effective, the immediate assistance of American personnel is, in my judgment, absolutely indispensable. This is recognized not only by the present Greek Government but by the leaders of the opposition parties as well. Consistent attention and supervision must be exercised to make certain that these general policies are given content and made to work.

If the Greek Government succeeds in averting all the immediate crises—and I think it can if assistance from the United States is promptly forthcoming—there remain the longer-term aspects of financing essential imports and the problems of reconstruction and recovery.

Greece's international financial position is desperate. UNRRA imports are rapidly terminating, and the Greek nation simply does not have the resources to obtain foreign exchange to meet the essential import requirements. The Greek Government submitted to us their estimates that, on an austerity basis, imports of at least \$200,000,000 would be essential during 1947; our estimates are somewhat lower. Against these demands the Bank of Greece had, on February 1, foreign assets in gold, dollars, and sterling of approximately \$100,000,000, of which gold and dollars accounted for only \$12,500,000. Such sterling holdings are not fully convertible into dollars.

Thus, it is obvious that outside assistance is required for the survival of a democratic Greek state. But we must do more than that if we are to go further than merely postponing collapse; we must make available funds for reconstruction and rehabilitation. While Greece has given some restoration of ports and railways since liberation, in general the country has made little progress in rebuilding.

The relief program will only supply bare subsistence needs, and even then there is the danger of starvation in some areas in Greece unless proper

distribution is assured. The additional funds contemplated for rehabilitation and reconstruction should enable Greece to recover to the extent that outside relief for minimum human needs, year after year, will no longer be necessary. That is what the program as explained by Mr. Clayton is designed to achieve, and it checks completely with the findings we have made on the spot.

It is apparent that the funds available to Greece from the post-UNRRA relief measures will only serve to keep the Greek people alive at a dietary level of something less than 1,500 calories. Additional economic assistance in the amount of \$100,000,000 is the minimum which we believe necessary to have an effective program of reconstruction and rehabilitation with the objective of achieving a reasonably self-supporting economy in a reasonable length of time. This, of course, is apart from the financial aid for the military establishment.

It should be borne in mind that the Greek pre-war economy was not capable of sustaining a military organization other than for police duties without severe pressure on the extremely low standard of living. With real income, possibly around three fourths of pre-war during 1945, it is obvious that almost the entire burden of the military must be borne from abroad if the economy is not to regress, much less progress.

It is also important to bear in mind that the total amount of American assistance proposed, including relief, military aid, and reconstruction assistance is not substantially different from the total of UNRRA assistance to Greece and the British military subsidy during 1946. The program proposed by the Department of State to June 30, 1946 provides a cumulative total of \$250,000,000. The best estimate of UNRRA distribution of supplies, plus the British military subsidy, is approximately \$250,000,000 for the calendar year 1946.

To emphasize further that this program requires Greece to increase the maximum of self-help in 1947, the estimates on which the amount of assistance is based call for considerably more than twice the volume of exports in 1947 over last year. The best estimates of Greek exports for 1946, taken from UNRRA, the Bank of Greece, and other sources, indicate a total volume of around \$60,000,000. The balance of payments upon which the new program of American aid is based requires



export at the level of about \$22,000,000 for the calendar year 1947.

I think that the goals which have been set can be reached with proper effort and a realistic management of export possibilities. For example, we have estimated that Greece will export \$37,000,000 worth of tobacco during the current year, or more than the unadjusted dollar value of tobacco exports in 1938. With the northern European markets not yet available, this volume of tobacco exports may be high, but we think it can be done. We have also estimated that Greece should export \$20,000,000 worth of olive oil on current account during 1947. At present there is an embargo on olive oil, but we do not feel that this target is too high if the Greek Government will devote its energies to achieving this goal.

In addition we have included in extraordinary receipts the sum of \$14,000,000 from United States surplus as a source of Greece's essential import requirements for 1947. I do not believe this figure to be high but, taking into account problems of transportation, availability, and the time lag, it is certainly not overcautious.

It is thus apparent that this program of American financial aid to Greece will do no more than place Greece on an orderly basis and lay the basis for reconstruction. Hence, it will still be necessary for the Greek Government to use all effective measures to rebuild her own economy. It will be necessary for Greece to adopt a plan of vigorous fiscal and taxation reforms; to develop a tight system of control of imports, development of exports, control of foreign exchange, and such other measures as are necessary to ensure that essential commodities flow through distribution channels to the farmers, workers, and producers who need them. Here again I must emphasize the necessity of American technical experts to provide advice and guidance in the development and application of such measures, and I repeat that the Greek Government has accepted in principle the necessity of such a program and requested such American assistance.

The program now proposed permits the use of funds advanced for internal expenditures as well as the foreign exchange costs of reconstruction. In my judgment this is indispensable if the necessary amount of reconstruction is even to begin. Because of internal disruptions and the great devastation wrought by the war and occupation,

Greece has not been able to provide the local costs of reconstruction. Even though some capital equipment was available, the Greek Government was frequently faced with the difficult choice of increasing the debt issue to finance internal costs or letting reconstruction lag. I have seen road-building equipment and machine tools on the docks at Piraeus which could not be utilized because the Government was unable to make provision for credits or offset disbursements for their use. Because of the inflationary potential of additional currency issues and the appalling shortages of essential commodities, the decision usually was dictated by budgetary considerations and thus reconstruction was neglected.

Such a program would go a long way towards dispelling the inflation problem which has infected the economic system of the country. In addition, it would serve to encourage Greek liquid capital held in private hands to seek investment outlets. I was told on every hand by industrialists in the Athens-Piraeus area, as well as by persons in northern Macedonia, that the incentive to rebuild would be lacking until internal security was achieved and the fear of looting removed. There is no way to measure the amount of private capital available for investment purposes, but I have the belief that once it is felt that stable economic and political conditions are likely to be achieved, local private initiative will make an important contribution to Greek recovery.

Mr. Clayton described to you some of the plans by which United States personnel in Greece would insure a proper expenditure of funds and undertake to see that adequate measures are taken by the Greek Government for the use of Greece's own resources for recovery. It is my view that such an American Recovery Mission should, within the limits set forth by Congress and the President and agreed to by the Government of Greece, be so free flexibility in developing the techniques appropriate to achieve desired objectives.

The functions of such a Mission primarily would be to help in the formulation and administration of government fiscal policies, to advise the Greek Government on carrying out measures for the employment of the maximum amount of Greek resources in the recovery program, and finally to recommend to the U.S. Government resources in the amount of U.S. assistance needed and in the

conditions which should be attached to such assistance.

The reforms needed in the public administration of Greece are numerous. Technical experts assigned to this problem by the Mission should be able to devise more effective procedures in government operations and to improve quality and performance of the personnel. Many reforms will take a period of time to achieve, but I believe that with the selection of a proper stimulus its influence can be decisive in developing and making effective the measures essential to Greek recovery.

I would recommend that the Mission have power, primarily advisory in character, in relation to the Greek Government, but that this power should be supported by two motions: first, the authority to recommend to the U.S. Government that assistance be withdrawn or reduced in the event of the failure of substantial compliance with any of the conditions; and second, the publication by the Mission of quarterly reports on the progress of Greek recovery, such reports being made available to the Government and the people of Greece, as well as to the Government and people of the United States.

The Mission should advise on the formulation of Greek fiscal policies. The Currency Committee, with power over additional currency issues, should be continued and strengthened. As an agency of the Greek Government this Committee should screen all expenditures before they are presented to the American Recovery Mission for approval. An Office of the Foreign Trade Administrator, with an American as Administrator, should be created within the Greek Government with final power over all imports and exports. This Administrator as an employee of the Greek Government should be charged with the responsibility of carrying out the foreign trade programs decided upon by the Greek Government with the advice and consent of the American Recovery Mission which would undertake to ensure that the most effective use is made of available foreign exchange.

The American Economic Mission which has just returned from Greece will have detailed recommendations for the consideration of the new American group which would play such a significant part in Greek recovery. These recommendations will include specific suggestions concerning reconstruction projects, tax policies, government expenditures, banking, foreign ex-

change controls, control of imports, development of exports, agricultural activities including credit policies, industrial development, the exploitation of fishing resources, shipping, wages and prices, public administration, and some preliminary steps which we believe Greece should take to qualify for assistance from the International Bank for Reconstruction and Development, as well as the International Monetary Fund.

Our present conclusions on the program of reconstruction of public works include the suggestion that in the selection of projects there should be two criteria: First, they should be those which contribute most to the general economy of the country, and, second, they should be distributed geographically over the whole country. The Greek Army should be used for reconstruction work as much as possible. The specific projects to be undertaken should be selected by the American Recovery Mission after consultation with the Reconstruction Board of the Greek Government. The American Economic Mission will direct consideration to a number of specific projects.

The importance of an effective program for imports and exports cannot, of course, be over-emphasized. A program of essential imports approved by the American Recovery Mission should be the guide for all imports. It would include requirements for an essential civilian economy, for the Army, for approved reconstruction and development projects, and for the continuation of the UNRRA child-feeding and malaria programs. It would be little short of criminal if the child-feeding program were discontinued. This activity was begun in Greece by the Swiss Mission of the International Red Cross during the occupation. It has since been developed and expanded by UNRRA, but in the absence of outside assistance the program must be discontinued at the end of the current school semester, or about June 1. I will not burden the Committee with the details of this program, as I am certain you recognize its obvious benefits. This and other essential welfare activities must go hand-in-hand with reconstruction.

Finally, I wish to express the view that if the United States is to assume due responsibility it must be done in a manner that will demonstrate to the world that the objectives and policies of

democracy are superior to those of any other system. It is obvious to all that Greece cannot work out her own destiny alone. She has the re-

sources, the labor supply, and the will to do it with our assistance. The record of Greece in resisting oppression entitles her to that chance.

# STATEMENT BY ACTING SECRETARY ACHESON

On February 24 the British Ambassador, in a note dated February 22,<sup>1</sup> informed the Department of State that as of March 31 the British Government would be obliged to discontinue the financial, economic, and advisory assistance which it has been giving to Greece and Turkey. Within a week the President informed congressional leaders of this situation and advised with them on the course of action which the Government should take. On March 13 the President informed Congress and the nation of the situation and recommended that this Government extend aid to Greece and Turkey.

On March 3 we received from the Greek Government an urgent appeal for financial, economic, and export assistance.<sup>2</sup> Assistance is imperative, the Greek Government says, if Greece is to survive as a free nation.

The Turkish Government has on various occasions applied to the United States for financial aid, but this Government has not had the facilities for responding to those requests. Since British aid is not available, the needs of Turkey for assistance are greatly increased.

This, then, is the situation with which we have to deal. Greece and Turkey are in urgent need of aid, and there is no other country to which they may turn.

The problem with which we are faced has a history and a background. Greece's difficulties are not new. But they have become acute as a result of special circumstances.

Long before the war Greece had a hard time making ends meet. Her poverty of natural resources is so great that she has always needed more imports than she could pay for with exports. Only by hard-to-month borrowing had she been able to maintain a pretentious balance in her international economic position. In the past much of her export trade naturally went to Central European markets, particularly to Germany; during the thirties she was forced into closer dependence on Germany through clearing agreements and other instruments of Nazi economic warfare.

And then came the Italian invasion, the German invasion, four years of cruel enemy occupation, and the scorching of her north by the retreating enemy. Perhaps no other country in the world has suffered greater destruction of its physical resources than Greece.

I should like to focus your attention upon four conditions which were faced at the time of Greece's liberation.

1. Physical destruction had catastrophically impaired Greece's ability to produce, either for home consumption or for export;

2. Greece's entire fiscal system had been destroyed;

3. The Greek civil service and administrative system had been gravely impaired through the starvation and death of many of its personnel, undermined by infiltration of undesirable elements, demoralized by bribery and the resultant scramble for assistance; and

4. The authority of the Greek state was threatened by several thousand armed men who defied, and continue to defy, it in certain areas of the country. This situation is in part grew out of the arming of guerrilla forces during the war of liberation. Many of these people have retained their weapons and certain bands now use them fighting to realize the political differences that might otherwise be peacefully settled. The Greek Government has charged before the Security Council of the United Nations that the insurgent groups operating in northern Greece are assisted from outside Greece by supplies and training in neighboring countries. A Commission appointed by the Security Council of the United Nations is now investigating these charges.

In the period of more than ten years since its liberation, Greece has received substantial relief

<sup>1</sup> Made before the Senate Foreign Relations Committee on Mar. 24, 1947, and released to the press on the same date.

<sup>2</sup> Not printed.

<sup>3</sup> *Washington Post*, Mar. 28, 1947, p. 4B.

assistance from the United Nations Relief and Rehabilitation Administration. Great Britain has also extended very substantial aid to Greece in an effort to supplement the relief and reconstruction efforts of UNRRA, and to organize and equip the Greek Army.

However, at the end of this current month outside assistance to Greece is scheduled to stop. UNRRA is going out of business in Greece, and British assistance, for reasons of which you are aware, is to be discontinued.

The cessation of outside aid to Greece means immediate crisis. Unless help is forthcoming from some other quarter, Greece's economy will quickly collapse, very possibly carrying away with it the authority of the Government and its power to maintain order and the essential services.

The information reported to us by the Greek and British Governments in regard to conditions in Greece has been corroborated by reports we have received from the American Ambassador in Greece and from the American economic mission which has been in Greece at the invitation of the Greek Government, depicting into economic conditions there.

Essential imports for civilians and for the Army under the circumstances can continue for only a few weeks. Two weeks ago the dollar resources available to Greece were only \$14,000,000—enough for one month's imports of food and other necessities from the United States and other countries. If imports should cease, the price of such goods as are available would very rapidly reach astronomical figures. This is inflation. Its result in a country so dependent upon imports would be paralysis of the Government and of economic life. It would also very probably mean the end of Greek freedom and independence.

The armed bands in the north, under Communist leadership, are already fighting. In the event of economic collapse and Government paralysis, these bands could undoubtedly increase in strength until they took over Greece and installed a totalitarian government similar to those prevailing in countries to the north of Greece. The rule of an armed minority would fasten itself upon the people of Greece.

In this critical situation Greece has urgently asked the United States for help. She requests financial assistance for the following purposes:

(1) to enable her to carry on essential imports of food, clothing, and fuel necessary for the subsistence of her people; (2) to enable her to organize and equip her army in such a way that it will be able to restore order throughout her territory; and (3) to enable her to begin the process of reconstruction by putting her production facilities in order. (4) Finally, Greece requests the aid of experienced American administrative, economic, and technical personnel to assure the effective utilization of whatever financial aid may be extended her and to help her to begin the reconstruction of her own economy and public administration.

The situation in Turkey is substantially different, but Turkey also needs our help. The Turkish Army has been mobilized since the beginning of World War II, and this has put a severe strain upon the national economy. During the war Turkey received substantial assistance from Great Britain and the United States, which helped her to carry this load.

Today the Turkish economy is no longer able to carry the full load required for its national defense and at the same time proceed with that economic development which is necessary to keep the country in sound condition. With some help from the United States, and further assistance which Turkey may be able to negotiate with United Nations financial organs, Turkey should be in a position to continue the development of her own resources and increase her productivity, while at the same time maintaining her national defense at a level necessary to protect her freedom and independence.

The present proposals do not include our sending troops to Greece or Turkey. We have not been asked to do so. We do not foresee any need to do so. And we do not intend to do so. We have no understanding with either Greece or Turkey, and in otherwise, as regard to the sending of troops to these countries.

Our military missions to Greece and Turkey will be small units, whose task will probably be to find out the local needs for military equipment and to see to it that needed material is delivered and in the hands of the proper authorities. Our missions will consist only of observers and drivers.

In Greece some British troops remain who landed there for liberation purposes. The British Gov-

armament has recently announced its intention of withdrawing its troops in the near future. There is also a British military mission, whose members act as advisers and instructors with the Greek military forces.

Questions submitted to the Department of State appear to assume that the presence of these forces will mean that the British Government will direct the policies of the Greek Government while the United States supplies necessary economic aid. This is not the case.

The United States has not made any agreement with the British Government with reference to the implementation of the proposed plan of assistance to Greece and Turkey. If the proposed program is authorized by the Congress, its implementation will be worked out through agreements with Greece and Turkey and with the aid of United States personnel.

I wish to reiterate that the United States, in undertaking aid to Greece and Turkey, is not assuming British obligations or underwriting British policy there or elsewhere. We propose, rather, a program designed by this Government to promote stability in Greece, Turkey, and the Middle East generally and thereby to pave the way for peaceful and democratic development.

In the present instance we are proposing to respond to certain requests made to us by the Greek and Turkish Governments, and our program is designed to assist these countries in certain announced ways. We have been asked whether this establishes a pattern for all future requests for American assistance.

Any requests of foreign countries for aid will have to be considered according to the circumstances in each individual case. In another case we would have to study whether the country in question really needs assistance, whether its request is consistent with American foreign policy, whether the request for assistance is sincere, and whether assistance by the United States would be effective in meeting the problems of that country. It cannot be assumed, therefore, that this Government would automatically undertake measures in any other country identical or even closely similar to those proposed for Greece and Turkey.

The situation of Greece and Turkey confronts us with only two alternatives. We can either grant

aid to these countries or we can deny that aid. There is no possibility of putting the responsibility for extending the aid which Greece has asked from the United States on some other nation or upon the United Nations.

This becomes clear when we consider the specific problems that confront Greece today and the specific kinds of assistance that Greece has requested from the United Nations on the one hand, and from the United States on the other.

Let us consider first the problems arising from outside Greece's borders. Greece has charged before the Security Council that armed bands operating within her territory are partly supplied, trained, and given refuge in Yugoslavia, Bulgaria, and Albania, and that these bands are moving back and forth across the border. Greece has asked the United Nations for help in dealing with this situation, and the Security Council has appointed a commission which is at the present moment investigating the Greek charges on the spot. It is expected that the commission will begin writing its report early in April, and that report should be ready shortly thereafter.

We do not know what the report will contain or the action that may be taken by the United Nations upon it. We hope and believe that United Nations action in this matter will result in the cessation of disturbances along Greece's northern borders. Such a result would be a most vital contribution to the situation in Greece and make possible the task of stabilization and rehabilitation. It would not be a substitute for the assistance which Greece has asked from the United States. More is needed to deal with internal disorder and economic breakdown.

The second problem confronting the Greek Government is the need for supplies and funds to enable it to cope with its internal difficulties, namely, the restoration of order in the country and the averting of economic collapse. The United Nations Relief and Rehabilitation Administration and the British Government have been helping Greece with these particular problems, and the present crisis has arisen because these two supports must be withdrawn.

To whom was Greece to turn? The Food and Agriculture Organization of the United Nations, which recently sent a mission to Greece, recommended that the Greek Government request the

Economic and Social Council of the United Nations, and the United States and the United Kingdom to extend aid to it in securing funds for the continuation of essential food and other imports to cover the period after UNRRA's withdrawal until expanding exports, international development loans, and expanding production should enable Greece to balance its international accounts.

If Greece had applied to the United Nations or any of its related organizations, the essential element of time would have been lost, and the end result would have been the same. The funds would have to come primarily from the United States. The United Nations does not of itself possess funds. [The Economic and Social Council is an advisory body that recommends economic, financial, and social action to member states. The International Bank, which is just now completing its organization, is set up primarily to make self-liquidating loans for long-term reconstruction purposes. It has not yet made any loans whatsoever. The Economic Commission for Europe is still in its early organization stage.]

It may be that at some future time the United Nations will be organized and equipped so as to render emergency aid to member states, of the kind now needed in Greece and Turkey. But, as the President said, the United Nations and its related organizations are not now in position to extend help of the kind that is required. Even if some organ of the United Nations should decide to recommend assistance to Greece and Turkey, it would have eventually to turn primarily to the United States for funds and supplies and technical assistance. Even if the project were not blocked by the objections of certain members of the United Nations, much time would have been lost, and time is of the essence.

One hundred twenty-three years ago Daniel Webster spoke in the United States House of Representatives in favor of a resolution looking toward aid to Greece, which country was then striving for her independence. Then, too, time was of the essence. He said:

"Mr. Chairman, there are some things which, to be well done, must be promptly done. If we ever determine to do the thing that is now proposed, we may do it too late. Sir, I am not one of those who are for withholding aid when it is most urgently needed, and when the storm is past, and the aid no

longer necessary, overwhelming the sufferer with compassion. I will not stand by and see my fellow men drowning without stretching out a hand to help him, till he has by his own efforts and presence of mind reached the shore of safety, and then to reacher him with aid. With suffering Greece, now in the crisis of her fate—her grant, it may be, her last struggle. Sir, while we sit here deliberating, her destiny may be decided."<sup>1</sup>

The United Nations is an organization designed to keep the peace and to promote friendly relations among nations as well as orderly economic, social, cultural, and humanist progress. However fit would be a tragedy, and a travesty upon logic, if an overestimate of the immediate powers of the United Nations should succeed in preventing this country from using its wealth and influence to help create here very conditions of economic and political stability which are necessary if the United Nations is to develop into a stronger organization over a period of years.

By membership in the United Nations neither the United States nor any other country has absolved itself of its responsibility for fostering through its own action the same objectives in the Charter sets for the United Nations.

The third problem confronting Greece is one of expert personnel. Greece has limited this problem, and we heartily rejoin, with the supply of funds. Greece is in the most serious need of expert advice and assistance. We believe, and we think Congress believes, that the expenditure of American funds in Greece and Turkey should be supervised by American experts.

The proposals now before the Congress deal with the emergency aspects of the problem.

In the longer range, the United Nations may be able to take over various parts of the economic and financial problem in Greece and Turkey. We are giving serious study and consideration to ways in which the United Nations may take hold of this problem after the present emergency is past.

I have said that the two alternatives that are before us are to give the help requested or to deny it. An essential step in considering the wisdom of any policy is to look at the alternatives. What are the probable consequences of not extending aid to Greece and Turkey?

<sup>1</sup>Annals of Congress (12th Cong. 1st sess.)

I have already indicated what would come than likely happen in Greece. As the President said, however, it is necessary only to glance at the map to realize that the survival and integrity of Greece is of grave importance in a much wider situation. The miserable facts of geography link the future of Greece and Turkey. Should the integrity and independence of Greece be lost or compromised, the effect upon Turkey is inevitable.

But the effect is even wider. Consider for a moment the situation of the countries to the east and south of Turkey. All of them are confronted with the accumulated problems of the past and of the war. Some of them are just emerging into daylight. These countries wish and should be able to develop and maintain free constitutions and individual liberties, but untoward circumstances may force them in the other direction. Will these countries be able to solve the extremely difficult problems that confront them in ways compatible with free institutions and individual liberty? It is vital to our own interests to do all in our power to help them solve their economic difficulties in such a way that their choice will be in favor of freedom.

I need not emphasize to you what would come than likely be the effect on the affairs in the Middle East of a collapse in Greece and Turkey and the installation of totalitarian regimes there. Both from the point of view of economics and morals, the effects upon countries to the east would be enormous, especially if the failure in Greece and Turkey should come about as the result of the failure of this great democracy to come to their aid. On the other hand, I ask you to consider the effects on their morals and their external development should Greece and Turkey receive a helping hand from the United States, the country with which they closely associate the principles of freedom. It is not too much to say that the outcome in Greece and Turkey will be watched with deep concern throughout the vast area from the Dardanelles to the China Sea.

It is also being watched with deepest anxiety by the peoples to the west, particularly the peoples of Europe, who, as the President said, are struggling against great difficulties to maintain their freedom and independence while they repair the damages of war.

As the President said, it would be an unspeakable tragedy if these countries which have struggled so long against overwhelming odds should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disastrous not only for them but for the world. Discouragement and possible failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

It is feared in some quarters that the proposed United States program for Greece constitutes a blatant endorsement of its present government. Others have suggested that the United States make its assistance conditional on changes in the composition of the Greek Government.

As to the first point, I can do no better than to emphasize the President's declaration that we do not condemn everything the present Greek Government has done or will do. As to the second, I do not think that such interference in Greek affairs would be justified.

The present Parliament of Greece was democratically elected in an election which foreign observers agreed was fair. There can be no doubt that it represents the majority of the Greek people. The present Greek Cabinet contains representatives of 46 percent of the members of the Greek Parliament. The mere fact that Greece has a king does not automatically make Greece's form of government less democratic than that of other countries, as is shown for instance by the Governments of Norway, Sweden, Denmark, the Netherlands, and Great Britain.

It cannot the object of our aid to Greece either to help to maintain or to help to remove the present Government or the King of Greece. It is our object to help to maintain the present constitutional system of Greece so long as the majority of Greeks desire it, and to help Greece create conditions in which its free institutions can develop in a more normal fashion.

In Greece today we do not have a choice between a perfect democracy and an imperfect democracy. The question is whether there shall be any democracy at all. If the armed minorities that now threaten Greece's political and economic stability were to gain control, free institutions and human freedoms would disappear and democratic progress would come to an abrupt halt.

It is not claimed that all persons involved in the present armed challenges to the Greek Government are Communists. There are among them many persons who honestly, but in one opinion mistakenly, support the Communist-led forces because they do not like the present Greek Government. The political emergency created by the Greek Government offers to all the opportunity to cooperate in making democratic Greek institutions work.

We are planning aid to Greece with the hope and intention that conditions will be created in which the Greek Government can achieve more efficient administration and perfect its democratic processes. Moreover, we consider that the steps which the Greek Government would take in carrying through a program of reconstruction would necessarily contribute to this result.

It is charged that the composition of the present Greek Parliament and Government was affected by the forces and crises of the period in which the election was held. This may be true. It would be strange if it were not. But it is also true that the help which we now propose will create a greater degree of economic stability and a greater measure of freedom from fear. Greek political processes under Greece's constitutional system will thus operate under greatly improved conditions, and in these improved conditions the Greek people will

have ample opportunity to register any changes that may occur in their will.

Since our primary purpose is to help people who are struggling to maintain their independence and their right to democratic development, we would not of course want to constrain them and if we should find that our efforts were being frustrated by anti-democratic practices.

I want to make it clear that the aid we propose to extend to Greece and Turkey has been requested by those countries and cannot by any fair interpretation be considered an interference in the affairs of other countries. Our aid will not be continued any longer than it may be needed or wanted by those countries.

One final word. In recent discussion of these proposals the question has been put to me whether they carry in the possibility of friction which might lead to war. I think that quite the opposite is true. These proposals are designed to increase the stability of, and to further the opportunity for democratic development in, two countries most important to the world community. There are not acts which lead to war.

They lean in the other direction. They help to maintain the integrity and independence—what the United Nations Charter calls the "sovereign equality" of states. That is one of the principles upon which the whole effort to organize the world for peace is founded.

#### STATEMENT BY UNDER SECRETARY CLAYTON<sup>1</sup>

The general political and military situation in Greece and Turkey has already been outlined by Secretaries Acheson, Patterson, and Forrestal. I should like to discuss with you the economic position of the two countries and the program which we propose for dealing with the situation.

Greece today has virtually run out of money to continue purchases of food and other materials of life. The gold and dollar exchange reserves available to her Government two weeks ago were only \$14,000,000. This amount—which even now is insufficient for working purposes—would scarcely pay for one month's imports of food and

other materials from the United States and other dollar areas. Greece immediately faces sterling balances, which, however, cannot be used in the near future for the purchase of food and most other urgently needed supplies.

The bottom of the barrel is clearly in sight. Greece is in serious danger of a financial and an economic collapse of a widespread character. Hunger would face her long-suffering people. The organization of her domestic economy and foreign trade would disintegrate. The Government, lacking foreign resources to deal with the situation, would be unable to contain present efforts to maintain internal security—efforts which have not yet been strong enough to eradicate parasitical guerrilla operations.

<sup>1</sup> Made before the Senate Foreign Relations Committee on May 24, 1947, and released to the press on the same date.



The situation which faces us in the rank of deep-seated crises which I can only briefly indicate.

Greece has always been a poor country, one of the poorest of Europe. Much of her soil is rocky, barren, and dry. The density of her population with respect to arable land is very high. The war left Greece one of the worst-devastated countries in the world. Railroads and ports were thoroughly wrecked and roads degenerated into a series of potholes. Three quarters of the merchant fleet was sunk. The livestock population was halved, and over 100,000 houses were burned or destroyed. The damage to human capital from malnutrition was as less appalling. There are heavy blows, from which Greece will not fully recover for many years.

The Nazi occupation had equally devastating effects in disrupting economic life. The flow of imports virtually ceased. The monetary system was wrecked by the astronomical outpourings of the printing press. In fact the Greek Government was compelled, upon its return, to abandon the old currency and establish a new one. Conversion was deemed in November 1944 at the rate of 50 billion old to 1 new drachma. This wiped out bank deposits and destroyed the value of Greek Government bonds and other obligations.

On liberation the machinery of government was disorganized and the fiscal position appalling. The tax structure had collapsed. At the same time the Government faced greatly increased financial burdens. The Greeks' brave fight to preserve their independence had greatly increased the number of widows, orphans, and disabled persons entitled to pensions. Moreover, unmet political commitments placed a further heavy burden on the budget for military needs, even though the British Government made a substantial contribution in this respect.

Since liberation the Greek Government has been faced with an unmanageable budget deficit. Lack of confidence in the currency and credit of the Government has made it impossible to float any internal bond issues since the drastic currency conversion of November 1944. Further, there have been virtually no savings in the form of bank deposits. Consequently, neither the banks nor the Government have been able to supply essential credits to finance rehabilitation and reconstruction

without really increasing inflationary pressures. As a result, reconstruction has been greatly retarded. The Government has covered the deficit by currency issues. In these circumstances, however, it has not been in a position to make the large outlays of local currency needed to pay for labor and local materials essential to reconstruction.

In an effort to stabilize the value of the drachma the Government resorted to the expedient of selling gold sovereigns at premium rates. While this practice may have had some effect in stabilizing the drachma, it has also helped to deplete the gold and foreign-exchange reserves of the Government.

In the last three months the economic outlook in Greece has deteriorated very seriously. Industrial production has slowed down. Prices are threatening to go up still higher. UNRRA imports have tapered off and will soon stop entirely. Beyond that, the financial and military assistance heretofore provided by the British Government is about to be withdrawn.

The assistance heretofore provided by UNRRA and the British has succeeded in preventing total starvation. It has been far from sufficient to restore Greece to a position where she could become self-supporting. Greece now needs substantial credits and if suffering and political turmoil are to be avoided, such assistance can only come from the United States in the time and in the amount required.

I shall endeavor to outline the program of assistance which is proposed. The Congress has already been advised that with the termination of UNRRA shipments Greece will require minimum relief aid of \$50,000,000 if serious malnutrition and further retrogression in the minimum operation of the economy are to be prevented. This sum will be provided under the post-UNRRA relief bill if this is approved by the Congress.

This amount of relief and alone would not, however, be enough to restore domestic security and provide the minimum reconstruction and stability which are essential if Greece is again to take her place among the self-supporting democratic nations of the world.

For this purpose it is believed that approximately \$200,000,000 will be necessary. Of this, about half would be devoted to making available to the Greek armed forces the arms, ammunition,

clothing, ration, and equipment necessary to deal effectively with the guerrillas. The political and military reasons for strengthening the Greek Army have been discussed by others, but I should like to emphasize that the establishment of military security is an essential prerequisite to economic stability.

With peaceful conditions assured, the people of Greece can devote their efforts to their economic problems. Renewed hope and confidence will encourage private enterprise to enlarge its share in the work of reconstruction.

The economic program envisaged will cost about \$180,000,000. Of this amount we have estimated that imported equipment and materials for reconstruction until June 30, 1945, will cost about \$60,000,000. The first priority in reconstruction must be given to the restoration of transport facilities. Internal transportation in Greece is a serious bottleneck to further recovery.

The railroad network should be restored and sufficient rolling stock provided. Greek highways have deteriorated so seriously that the life of vehicles is only a fractional normal and operating costs are exorbitantly high. The two principal Greek ports, Piræus and Salonika, were very badly damaged and have been restored on only a fractional basis.

In order to make progress toward the restoration of the Greek transport system, it will be necessary to import considerable quantities of rolling stock, rails, structural steel and bridge-building material, road machinery and earth moving equipment, some vehicles, and the services of United States contractors and technicians.

Restoration of damaged and destroyed electric utilities and communications systems must also be given a high priority. Substantial imports of electrical machinery and communications equipment will be required.

The various flood-control, irrigation, and water-control projects likewise require restoration. These facilities were neglected by the Nazi invaders, and the equipment necessary to keep them in good condition was either destroyed or removed. The dams, dikes, canals, and ditches have, as a result, deteriorated seriously, and, unless they can be repaired soon, further deterioration and loss of agricultural output is inevitable. Hydraulic dredges, draglines, bulkhoers, and tractors

are needed. Such equipment will have to be imported.

Industrial facilities in Greece need extensive repair, and equipment removed or destroyed by the Nazis needs to be replaced. Substantial imports of industrial and mining equipment will be required to permit Greek production to return to pre-war levels.

In addition to industrial reconstruction, Greece urgently needs further assistance in the rehabilitation of agriculture. UNRRA has made a start by the importation of some livestock, farm machinery, feed processing equipment, and the like. Our program includes \$20,000,000 for this important task.

Thus \$60,000,000 and the \$20,000,000 for reconstruction are to cover the cost of foreign goods and services entering directly into these programs. But in order to carry out the reconstruction program it will also be necessary to employ local labor and materials. However, the Greek laborer or raw material producer cannot be expected to make available his services or products unless he can convert the drachmas he receives into the goods and services he requires. Large additional drachma payments must be made in connection with the proposed reconstruction program. Such increased drachma purchasing power would exert a tremendous pressure upon the limited supply of goods. In such circumstances each recipient of additional drachmas would bid against his neighbor for available supplies, and the result would be a rapid rise in prices. Wage earners and non-material producers would soon find that their drachma receipts are inadequate to purchase the necessities of life, and they would demand increased payments for their labor and products. If the basic shortage of goods were not remedied, increased wages and prices to producers would enable them to purchase the goods they require but would only lead to more frantic competition bidding and further price rises. Price controls and rationing are only temporary palliatives under such circumstances, and experience has shown that the effective operation of controls of this nature cannot be expected in Greece under such circumstances.

It is our firm opinion that the reconstruction program in Greece cannot be carried out successfully unless consumers' goods are made available from abroad, roughly equivalent in value to the

drachma expenditures in connection therewith. The best available estimate of these expenditures is \$20,000,000. The process method of carrying out an integrated program of reconstruction, including the procurement and distribution of the necessary consumer goods, should, I believe, be left for determination by the American mission which it is proposed to send to Greece.

To summarize: The \$180,000,000 civilian program for Greece consists of the \$20,000,000 agricultural rehabilitation program and a reconstruction program which includes \$60,000,000 for foreign-exchange costs and \$60,000,000 for internal costs. These estimates are necessarily rough approximations. I should like to emphasize that flexibility should be maintained so that adjustments between various portions of the program can be made in the light of experience and further developments.

The funds made available under this program must, of course, be utilized to best advantage so that our objectives may be achieved efficiently and economically. It will be necessary to send a civilian mission to Greece to administer that Government's interest in the program. We must now say how such a mission would be organized. I believe that it will be desirable to send a small group, say 25 to 30, headed by a chief of outstanding ability, to initiate the program and to develop the plans in more detail.

It is clear that we should not make any expenditures for the Greek program until specific plans have been developed, and have been approved by us. The mission in Greece would be in a position to carry a large part of the responsibility for this activity. It is also clear that the expenditure in Greece of funds that may be made available to the Greek Government must be subject to control by our mission there.

Furthermore, it is my considered opinion that in the United States any purchases with these funds should be made through the procurement agencies of the Government, or, if made otherwise, should be subject to careful supervision and strict control.

Finally, we must see to it that competent persons are sent to Greece to oversee the development of controls at key points and to supervise their application. We must be assured that sound policies will be adopted and effectively administered

in matters such as the following: fiscal methods; a modern tax structure; strict husbanding and control of the foreign-exchange earnings of the Greek people; conservation of remaining gold resources; a restriction on unessential imports; and the expansion of Greece's exports. These measures are necessary to enable Greece to achieve stability.

I have stressed the economic situation in Greece because it is one of crisis. General economic conditions in Turkey are more favorable than those in Greece.

Turkey has sufficient current foreign-exchange earnings to finance the importation of the normal requirements of the civilian economy. Turkey also has about \$644,000,000 in gold and foreign exchange largely accumulated during the war under circumstances which will no longer prevail. The amount of this reserve has contributed in large part to the maintenance of confidence in the Turkish currency and avoidance of strong inflationary tendencies. This reserve also helps to give Turkey a credit standing which should enable her to secure, through existing credit channels, a portion of the funds she needs for general economic development. It should not be assumed, however, that Turkey will continue to add to her foreign-exchange reserves indefinitely in view of the unusually favorable conditions which existed for her during the war.

If Turkey has to spend large amounts of foreign exchange for strengthening her military defenses, she can accomplish this, if at all, only at the expense of a serious reduction in her currency reserves and curtailment of civilian imports which would seriously react on her domestic economy. This development would impair the credit standing upon which Turkey depends for obtaining financial assistance for general economic development.

I want to emphasize that none of the \$100,000,000 recommended for Turkey is for normal civilian supply purposes. All of it will be expended for purposes which will contribute to the security of Turkey. This would include equipment for the Turkish armed forces and, possibly, related projects such as rehabilitation of the Turkish railroad system.

The bill now before you provides that the President shall determine the terms upon which assist-

also will be furnished to Greece and Turkey from the appropriations authorized. These terms may be loans, credits, grants, or otherwise. In view of the unusual conditions confronting us in this situation, I do not believe that it would be wise or practical to specify now what these terms might be.

I believe that the assistance provided under the bill for military purposes, being essential to our own security, and not in itself creating the where-

withal to repay, should be made on a clear grant.

Financial assistance for civilian purposes would appear to fall in a somewhat different category. Repayment could be sought when the direct effect of the financial aid was to create the ability on the part of the receiving country to meet such obligations as foreign exchange. However, I do not believe that we should create financial obligations for which there is no reasonable prospect of repayment.



## Discussion in Security Council of Proposed United States Program of Assistance

STATEMENT ON MARCH 26, 1947, BY U.S. REPRESENTATIVE AT THE SEAT OF THE UNITED NATIONS\*

Mr. President, I greatly appreciate the kindness of my colleagues in having permitted a short postponement of our consideration of today's business in order that I might have a few days in Washington.

Mr. President, the United States asked that item 20 of the March 21st summary statement on matters of which the Security Council is seized, the Greek question, be placed on the agenda of this meeting in order that I might make a statement on behalf of the United States concerning this question.

The United States believes that the Security Council should assure itself that we are agreed on the grounds in which the Commission now investigating disturbances along the northern Greek border did most effectively assist the Government in our further consideration of the complaint brought by the Greek Government.

My principal concern is that the Commission continue its work, including its investigation along the northern Greek border, until the Security Council itself has disposed of the Greek case.

It is also necessary that the Commission members, following the preparation of its first report, come to the Seat of the United Nations and be available to the Security Council until the termination of our consideration of the Greek complaint. The Commission should be available to prepare such supplementary reports as we may need. It should be ready to undertake additional investigations if these are required.

The Commission has already been directed, in the resolution of the Security Council of 18 December, 1946, to "submit to the Security Council at the earliest possible date a report of the facts disclosed by its investigation".

The United States hopes that the first report of

the Commission will be prepared and forwarded with all possible speed following the completion of its present schedule of investigations. Under the Commission's present schedule it will start preparation of this report in Geneva on April 2.

The snow in northern Greece is melting and winter is giving way to spring. We may expect an intensification of the activities of guerrilla bands operating in this area. In this situation the danger of border violations obviously is increased.

In these circumstances the United States believes that it is of the utmost importance that the Commission have representatives in the border area during the time both of the preparation of its report in Geneva and the Security Council's consideration of its report here in New York. Such representatives would be able to report immediately any violations of the border and to furnish the Commission and the Security Council with any additional information which might arise to light or be needed in dealing with the case. The presence of representatives of the United Nations on the spot would also inevitably have the effect of stabilizing the situation pending Security Council action.

The United States understands the resolution creating the Commission of Investigators as giving the Commission full authority to have representatives in Greece during the next few weeks. It is implicit in the resolution and its purpose that the Commission would continue its existence until the Security Council either disposes of the Greek case or acts to terminate the Commission's existence.

The Government of the United States has a special and pressing interest in effective action by the Security Council in the Greek case.

I do not need to recall to the Security Council the desperate plight of Greece and of the Greek people, or the great concern of the United States in preventing her collapse. Three times the story of her tragedy and her danger has been heard by

\*Made by Warren H. Austin, the U.S. Representative, before the Security Council on Mar. 26, 1947, and released to the press by the U.S. Delegation to the United Nations on the same date.

this Council. One aspect of the tragedy that threatens to destroy her freedom and independence is now under severe investigation by the Security Council's Commission of Investigation in Northern Greece.

Another aspect of the tragedy of Greece—the destruction wrought by the Germans to her economy and her society—has also received the attention of members and agencies of the United Nations.

Without the assistance of UNRRA, Great Britain, and the United States, the people of Greece would not have been able to survive at all since the day of her liberation more than two years ago.

UNRRA has furnished Greece \$200,000,000 of food and other relief and rehabilitation assistance. Of this amount the United States, upon whose initiative UNRRA was in the first place brought into existence in November, 1943, supplied 75 percent or \$300,000,000.

In addition, the United States has authorized direct liberation \$181,500,000 in other economic and financial assistance, including lend-lease, surplus property, and Export-Import Bank loans, and ships and shipping services by the U.S. Maritime Commission. Most of this amount has been spent or committed.

UNRRA is going out of existence and will make no more shipments after March 31. Last month the British Government informed the United States that it would be obliged to discontinue on March 31 its financial, economic, and advisory assistance to both Greece and Turkey.

The aid that Greece has received until now has kept the Greek people alive and little more. Greece is still prostrate because the damage to her economy, her system of law and order, and her whole society—wrought by the Nazi occupation—was so great, and because of the operations of guerrilla bands and other factors.

On March 3 the Government of Greece addressed to the Government of the United States an urgent appeal for immediate additional economic, financial, and expert assistance. It declared Greece could not survive without this aid. It declared "the determination of the Greek people to do all in their power to restore Greece as a self-supporting, self-respecting democracy" but that "the destruction in Greece has been so

complete as to rob the Greek people of the power to meet the situation by themselves".

Turkey had asked the United States for financial assistance at various times during the months preceding the notification by Great Britain that she would be forced to discontinue her economic and advisory assistance on March 31. The United States provided Turkey with \$95,000,000 in lend lease assistance during and immediately after the war but had been unable to act upon her recent request.

On March 13, 1947, the President of the United States proposed to the Congress a program of assistance which he believed would result in meeting the immediate requirements of Greece and would materially contribute to that country's economic and political recovery. It would also permit the extension of financial and advisory assistance to help meet the needs of Turkey.

On March 18, 1947, legislation was introduced into the Congress of the United States which, if approved, may give legislative sanction to specific proposals based upon the recommendations of the President.

The Congress of the United States now has the proposed legislation under active consideration. The Government of the United States, as the President and Congress have fully demonstrated, believes that the whole world should be fully informed of the aims, the motives, and the purposes of the United States.

The proposed program has been presented in public. The committees of Congress are holding hearings in public during which the proposals are being submitted to the most close and careful examination. The program will have been fully and exhaustively debated by the Congress and the whole American people before the Congress takes final action. Congress must make the decision.

In accordance with article 108 of the Charter, the United States will immediately register with the United Nations, for publication by the Secretary-General, copies of agreements connected with the execution of this program which may be entered into between Greece and the United States or between Turkey and the United States.

The proposed program of assistance has a specific and direct bearing upon the central objectives of United States foreign policy—to strengthen the United Nations and to advance the building of

collective security under the United Nations. It would, in fact, be a most essential act in support of this policy of the United States in and toward the United Nations. As the President said:

"In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations."

The proposed program of assistance by the United States is directly related to the act of the United Nations in creating a Commission of Investigation.

Armed bands are defying authority in northern Greece and threatening the integrity of the state. On the one hand, the activities of these bands have helped to make the threat of economic chaos and political anarchy throughout Greece so grievous and imminent that Greece has found it necessary to call upon the United States for immediate economic and advisory assistance in order to maintain the very existence of the Greek state. On the other hand, the situation on the frontier itself is made far more dangerous by the economic paralysis and weakness inside Greece.

The United States believes that it is of the highest importance that the United Nations take further action toward meeting the urgent problems confronting Greece, as it should for any other country that may be in similar circumstances.

I have already indicated certain methods of operation which, in our opinion, would make the work of the Commission of Investigation more effective.

I do not anticipate in any way the substance of the report of the Commission. Yet it is apparent that the Security Council may wish to consider after receipt of the report such further action as recommending that Greece, Yugoslavia, Bulgaria, and Albania agree on a system of border-control regulations and that a continuing commission made up of representatives of members of the Security Council be established. Under this commission neutral observers could be employed to keep constant watch against violations of the border regulations agreed upon. The commission could be authorized to act under article 25 as an agency for the peaceful settlement of those disputes among the four countries arising from border difficulties.

Action along these lines by the Security Council, combined with the proposed emergency program of assistance by the United States, would advance the prospects of peace and security in that part of the world. Neither action would be of as much effect if taken without the other, for these are complementary, not conflicting proposals—one to watch areas where actual disturbances occur, the other to strengthen Greece sufficiently to maintain internal order, and to restore to her people hope and confidence in their future as a free people.

Without such measures, each supplementing the other, there is grave danger that the situation which is now before the Security Council might deteriorate.

It is partly to prevent such a development that the United States took the initiative in proposing establishment of the Commission of Investigation in the first place and is now considering its response to the Greek request for aid.

The United States regards it as an obligation under the Charter, as well as a matter of elementary self-interest, for every member of the United Nations to do its utmost to bring about the peaceful adjustment of any international situation before it becomes a threat to the peace.

It is my belief that the proposed United States program of assistance to Greece and Turkey, together with effective action by the Security Council in the case of the northern Greek frontiers, would materially advance the cause of peace.

The United States desires to collaborate on peace and equality with all nations. It does not desire to dominate, intimidate, or threaten the security of any nation, large or small. The United States will support collective security for all nations—large as well as small. The United States respects, of course, the right of all members of the United Nations to follow whatever way of life or system of government they choose, so long as the choice is freely made without intimidation and so long as such nations do not interfere with the rights of other countries or the liberties of other peoples.

The foregoing aspects of the situation of Greece and its bearing on collective security are of especial interest to the Security Council. There are other aspects of the situation of equal importance to the maintenance of peace in the area which are the special concern of other organs of the United Nations and its related specialized agencies.

The program of economic assistance contemplated by the United States is of an emergency and temporary character. The United States believes that the United Nations and its related agencies should assume the principal responsibility, within their capabilities, for the long range tasks of assistance required for the reconstruction of Greece.

The United States gave its full support to the emergency relief program conducted by UNRRA to which I have already referred. United States officials also participated fully in drawing up the recommendations for long range assistance to Greece made by the Mission to Greece of the Food and Agriculture Organization of the United Nations.

Among the recommendations made by the FAO was the following:

*"Recommendation 3*

*"MAINTAINING ESSENTIAL INCOME AFTER UNRRA ENDS*

"It is recommended that the Greek Government request the Economic and Social Council, and the governments of the United States of America and the United Kingdom, to aid it in meeting funds for the continuation of essential food and other imports to cover the period after UNRRA's withdrawal, until expanding exports, international development loans, and expanding production enable Greece to balance its international accounts without special aid."

A further recommendation is that the Greek Government apply to the International Bank for Reconstruction and Development on its other public financial agencies for a loan of at least \$100,000,000 for reconstruction and development purposes.

The International Bank is not yet ready to begin its new program, but it soon will be. Greece has not yet appealed to the United Nations for financial assistance. There is a reason for this. Greece may now be in both bad financial and economic condition that she could not qualify as a good credit risk for bank loans.

Emergency and temporary economic assistance of the kind the United States is considering may improve the economic and financial condition of Greece sufficiently to qualify Greece for reconstruction and development loans such as that re-

commended in the FAO report. These loans could be for the financing of such projects as irrigation and power development, the rehabilitation of transport, and the modernization and development of agriculture and the reconstruction and development of industry.

The United States strongly supports the use of United Nations machinery for such purposes.

The Food and Agriculture Organization report also suggests that the Greek Government request the Economic and Social Council to arrange for a continuing United Nations advisory mission to Greece in connection with such a long-range program. Such a mission, if requested by the Greek Government, would be a constructive step for the United Nations to undertake.

The United States attaches particular importance to the establishment of a unit by the Economic and Social Council of the Economic Commission for Europe. The United States has given the fullest support to the establishment of such a commission from the time it was first considered last summer by the Subcommission on Devastated Areas. The United States is convinced that the economy of Greece, as well as that of other European nations, will be benefited by the international action to coordinate the efforts of all European countries in their common struggle to recover from the ravages of war. As the only non-European member of this Commission, the United States pledges the fullest possible participation in its activities.

There, however, are long-range programs. They cannot meet the present emergency. It is by combining national and international action of both immediate and long-range character and aimed both at the security and economic aspects of the problem that the members of the United Nations can achieve the aims of collective security.

President Truman's message to Congress comprehended more than Greece and Turkey when he spoke of conditions in the world affecting the security of the United States through the insecurity of the world. He declared the situation in Greece and Turkey to be one of the factors of insecurity and pointed out the various requirements for restoration of stability.

The United States is giving momentum to the United Nations by its present policy and it desires and welcomes corresponding interest and support



from other members of the United Nations. We look forward to the time when such burdens may be carried through the United Nations. Therefore, it is important that the United Nations take an active interest in all that is required for the re-establishment of stability, to discourage and prevent threats of aggression of any kind, or threats to the independence of a fellow member, and to afford opportunity to her people to enhance their welfare and dignity.

I have discussed this matter in the broadest terms, Mr. President, because of the deep interest which the American Government and the American people have shown in the Greek problem. Since you live among us you are of course aware of the intensity of our democratic debate and the keen desire of our people to see the United Nations grow in authority and confidence.

We now have directly before us in the Security Council one aspect of the problem. I am certain that my colleagues will agree that it is of the greatest importance that we make proper use of

our Commission of Investigation, and take the steps most likely to result in a rapid and impartial consideration of its findings and recommendations.

In conclusion, therefore, Mr. President, the United States believes that special efforts should be made to expedite the report of the Commission, that the Commission should come to the end of the United Nations as soon as its report is ready and be available to the Security Council throughout our consideration of this case, and that it should have representatives in Greece during the preparation of the Commission's report and during the Security Council's consideration of the problem.

My colleagues may prefer to study the views I have expressed before further discussion of the Greek question. I am willing that we resume consideration of the issue on Thursday at this time. However, a meeting for discussion relating to the work of the Council's Commission of Investigation in northern Greece ought to be held at an early date.

# STATEMENT ON APRIL 22, 1947, BY U.S. REPRESENTATIVE AT THE SEAT OF THE UNITED NATIONS:

Mr. President, I desire to refer first to the draft resolution, submitted by the United States, as revised by the distinguished Representative of France, and then to comment upon certain of the statements made by the distinguished Representative of the Soviet Union on Monday, concerning the proposed program of aid by the United States to Greece and Turkey.

The draft resolution, as revised by the Representative of France, reads:

"Resolved, that pending a new decision of the Security Council, the Commission shall maintain in the area concerned a subsidiary group composed of a representative of each of the Members of the Commission."

The "area concerned" is described in the resolution of December 14, 1946, creating the Commission as follows:

"... Resolved:

"That the Security Council under article 24 of the Charter establish a Commission of Investigation to ascertain the facts relating to the alleged border violations along the frontier between Greece

on the one hand and Albania, Bulgaria and Yugoslavia on the other.

"That the Commission shall have authority to conduct its investigation in Northern Greece and in such places in other parts of Greece, in Albania, Bulgaria and Yugoslavia as the Commission considers should be included in its investigation in order to elucidate the causes and nature of the above-mentioned border violations and disturbances."

Note that the area concerned is variable according to the judgment of the Commission itself.

The purpose of the Security Council in creating the Commission implicit—indeed, requires—that the Commission shall be in a position to discharge the duties imposed upon it by the Security Council until the Council itself shall have reached a decision in the matter.

<sup>1</sup> Made by Warren E. Austin, the U.S. Representative, before the Security Council on Apr. 20, 1947, and released to the press by the U. S. Delegation to the United Nations on the same date. The Motion is the second resolution vote Mr. Austin.

The dominating purpose of the Resolution from which I have quoted and the purpose of the pending resolution is to carry out the obligations of the United Nations to maintain international peace and security. It is not necessary to remind ourselves, Mr. President, that we Members of the United Nations are bound both jointly and severally to perform that obligation. Proposals for action to discharge this obligation are not properly subject to criticism of despatch, and of non-consideration of ulterior motives.

The position of the United States is, as I tried to make clear in my statement in the Security Council on March 24, that there is implicit in the December 19 resolution all the authority necessary to enable the Commission to function effectively. There is in that resolution all that is necessary to enable it to be the permanent agent of the Security Council until the objective of the Security Council has been fully attained.

Nevertheless, doubts were expressed at our last meeting that the Commission itself would understand that it does not have to wait upon instructions or directions from the Security Council in order to have a subsidiary group, composed of a representative of each of the States Members of the Commission in the area concerned, pending a new decision of the Security Council.

Therefore, the pending draft resolution has been submitted by the United States and perfected by the Representative of France. This resolution, as it now stands before the Council, should clarify any remaining doubt in the matter, and should dispose of any charge that the Government of the United States wishes the Security Council to anticipate or prejudge the report now being drafted by its Commission.

The distinguished Representative of the Soviet Union expressed objection to this resolution.

Taking the text of the verbatim record of the 114th meeting of the Security Council, 7th April, 1947, for accuracy, I quote Mr. Gromyko:

"In today's meeting I made a proposal that a special Commission of the Council should be established to participate in the giving of aid to Greece and should ensure that the help given to Greece from outside should be used only for the benefit of the Greek people.

"I would ask you, Mr. President, and I would ask the Council to consider this suggestion as a

formal proposal submitted for the consideration of the Security Council."

Later, Mr. Gromyko referred to the pending United States resolution and his own proposal in the following manner:

"Thus (the United States) proposal may be interpreted as an attempt to place a screen bearing the initials 'U.N.' in covered acts which are not the acts of the United Nations at all, but acts of an individual State.

"For all these reasons, Mr. President, I consider the United States proposal to unacceptable, and I cannot give it my support. I would repeat that I have made my own proposal in the name of the Soviet Delegation, a proposal that the Security Council create a Commission of the United Nations which shall ensure that the help supplied to Greece be used exclusively in the interests of the Greek people."

There is a meaning inconsistency in the position of the Soviet Delegation as he so stated it. On the one hand, he raised objections to a proposal to carry out the obvious purpose of the Security Council in creating its Commission for Investigation by having a subsidiary group in Greece. On the other hand, he proposed that the Security Council establish a new Commission to supervise the carrying out of aid to Greece.

There is no immediate purpose in the continued presence of a United Nations group to keep watch over the northern borders of Greece. The most simple, obvious, and direct method of carrying this purpose is to have behind representatives of the States which are members of the Commission of Investigation in Greece, pending the writing of the Commission's report, consideration of the matter by the Security Council, and, in the terms of the French Representative's amendment to the United States resolution, pending a new decision by the Security Council. The question involved here would seem to be no more than a very simple one of orderly and efficient procedure.

So far as Mr. Gromyko's proposal is concerned, Mr. President, it is not entirely clear as to just what he had in mind. If he was talking about a commission to supervise economic aid, I would refer him to my statement of March 20, 1947, in which I said:

"The Food and Agriculture Organization report

also suggests that the Greek Government request the Economic and Social Council to arrange for a continuing United Nations advisory mission to Greece in connection with such a long-range program. Such a mission, if requested by the Greek Government, would be a constructive step for the United Nations to undertake."

Note the initiative is with the Greek Government.

The long-range program referred to related to such projects as irrigation and power development, the rehabilitation of transport and the modernization and development of industry.

Mr. President, this is a program that would be for the long-range effort rather than for the immediate emergency—warfare. This is a program in which the United Nations would be the agent. There would be not only some national team for an advisory commission as recommended in the FAO report but there would be the law which binds us in its firm support—the law of the Charter. The Economic and Social Council is the organ of the United Nations which should establish such a commission. If such a commission were established, the Security Council, under article 46, could call upon it for such information and assistance as it might require. If the United Nations should act in this constructive and humanitarian manner, and by unanimity, it would give the world added hope for the abolition of war and the establishment of a peace that would prevail.

Perhaps the proposal of the Soviet Union can be regarded as a hopeful sign of an intention to further that objective through aid to Greece.

The United States welcomes the Soviet statement that Greece is in real need of outside aid at the present time. I gathered from his remarks that he does not object to the providing by the United States out of its own resources of aid to Greece. His complaint seems to be that the United States has not properly taken the interests of the United Nations into consideration in its proposals.

I should like to remind the Council that, at the moment, the United States program of aid to Greece and Turkey is still only a proposal. The executive branch of the United States Government, in response to the request of the Greek and Turkish Governments, has made certain specific proposals to the Congress. A message of the Presi-

dent to Congress does not have the "factum" effect attributed to it by the Soviet representative. Nothing can be "post factum" until after the policy is made by the Executive and Congress. The Congress now has these proposals under study and they will be fully and openly debated in accordance with our democratic processes before any decision is reached. As soon as the Congress reaches a decision and any legislation is enacted into law, agreements will be entered into with the Greek and Turkish Governments. At that time, as I have already informed the Council, the United States will register these agreements with the Secretary-General. I shall also be glad to provide full information on this program to any member of the United Nations who desires it.

Until the Congress shall have acted in this matter it is quite impossible for anyone to predict exactly what form any aid to Greece and Turkey might take. I should assume that the Security Council or any other United Nations organ would not wish to take any action based upon mere supposition as to the action of the United States Government.

The fact that military aid to Greece and Turkey is contemplated under the proposals now before the Congress of the United States, and the fact that my distinguished Soviet colleague made a number of references to this in his remarks to the Council at its last meeting, require me to discuss two further aspects of the matter—first, the question whether the proposed aid to Greece and Turkey would constitute an unwarranted interference in the domestic affairs of those countries, and second, whether the proposed action by the United States would be inconsistent with the purposes and principles of the United Nations Charter.

The President's proposals to the Congress have been made pursuant to requests from the established Governments of Greece and Turkey. The Executive did not propose intervention in the domestic affairs of those countries. Moreover, any such intention is specifically repudiated in the Report from the Committee on Foreign Relations, recommending favorable action by the Senate on the bill (S. 985) which provides for assistance to Greece and Turkey. On page 5 of this Report it is stated:

"Section 3 provides that before assistance is

detained, the Governments of Greece and Turkey shall agree to certain reasonable undertakings, consistent with the sovereign independence of those countries, which provide the United States with proper safeguards against the improper utilization of assistance furnished."

As I have already stated, any agreement entered into with the Governments of Greece and Turkey in this matter, pursuant to this legislation if passed, will be registered with the United Nations, and the Members of the United Nations will therefore be fully provided with an opportunity to determine if there is any unwarranted interference in the internal affairs of Greece or Turkey.

The Report mentioned further stated:

"Such conditions are not, of course, intended to impair in any manner the sovereign independence or internal security of the two countries."

Rather than dwell further upon this aspect of the matter, I should prefer to rely upon any comments which the Governments of Greece and Turkey might wish to make at an appropriate time.

The proposed military aid might take the form, on the one hand, of providing small numbers of advisers personnel and, on the other hand, of providing military supplies and equipment. The purpose of the proposed aid is consistent with the purpose and principles of the United Nations Charter in respect to the maintenance of domestic tranquility and the security of the state which are necessary for economic welfare.

The emergency aid proposed in both military and economic fields is in support of the United Nations policy of creating conditions of stability and well being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples.

It is assumed that the peaceful Members of the United Nations to rely upon their own resources—in the military sense, upon their armed forces—to preserve their territorial integrity and political independence will diminish as the United Nations progresses affirmatively to the tasks set forth under its Charter, as it—pursuant to the Charter—by resolution of its constituent organs.

The United States has faith in the United Nations, a transcendent hope for its future accom-

plishment. The United States also has the resolvable determination to continue using all of its vast resources and power to further the purposes and principles of the United Nations, and to make of it what was intended to be—an effective instrument for the abolition of war, the pacific settlement of disputes, and the constructive and progressive development of human welfare—all to the end that we may someday have upon this war-torn earth the peaceful society of man in which all peoples can fully enjoy political, economic, social, and religious freedom—above all, freedom from fear.

But in the situation in which we now find our selves, realistically, the United Nations does not represent the infallibility of perfection. In this situation, it is understandable that the established Governments of Greece and Turkey, at this stage in the development of the United Nations, should have turned to the Government of the United States for assistance.

Finally, it is understandable that the Government of the United States, intent upon achievement of the high purposes and principles of the United Nations, should not turn a "deaf ear" to such requests for assistance.

I can, with complete confidence, assure the Security Council and all the Members of the United Nations, that any action that may be taken by the United States will have behind it the firm determination of both the executive and legislative branches of the Government, and of the people of the United States, to uphold the United Nations.

The amendment to the pending bill introduced by Senator Vandenberg with the support of the executive branch and the Foreign Relations Committee is proof of that determination, should any proof be needed. This amendment, as Senator Vandenberg said on Tuesday in the Senate:

"steps the functions of this bill whenever the Security Council, without vetoing vetoes, or the General Assembly finds that action is less or unnecessary furnished by the United Nations makes the continuance of assistance—under the bill—unadvisable or undesirable."

The immediate problem confronting us is the disturbances along the northern border of Greece. The draft resolution offered by the United States, and perfected by France, relates to that matter directly, and the position of the United States re-

means as it did in the beginning, namely: the United States believes:

(a) that special efforts should be made to expedite the report of the Commission;

(b) that the Commission should come to the seat of the United Nations as soon as its report is ready and be available to the Security Council throughout our consideration of this case; and

(c) that the Commission should leave representatives in the area concerned pending a new decision of the Security Council.

Therefore, I propose, Mr. President, that the Security Council should now act upon this amended resolution.

An orderly procedure would be as follows:

First, that the Council should proceed immediately to consideration and action upon the resolution which I introduced at our last session.

Second, that the Council thereafter proceed to such further discussion of the United States program for aid in Greece and Turkey as it deems.

Third, that action on the Soviet proposal or any other proposal relating to the pending United States program of aid be deferred pending definitive action by the Congress of the United States and the conclusion of agreements between the Governments of Greece and Turkey on the one hand, and the United States on the other.

We would thus be in a position to judge calmly and objectively and in the spirit of unanimity which I hope will prevail in this Council, the merits of the Soviet proposal. It might well be appropriate to consider this proposal in conjunction with the Report of the Commission of Investigation of the Greek border disturbances.

## Questions and Answers Relating to the Greece-Turkish Aid Bill<sup>1</sup>

**Question No. 1:** Is not the Greece-Turkish question one to be submitted entirely to the jurisdiction of the United Nations? Have we by-passed the United Nations?

**Answer:** Mr. Acheson dealt at some length with this aspect of the problem in his statement before the Senate Foreign Relations Committee on March 24. He said in part:

"The situation of Greece and Turkey confronts us with only two alternatives: We can either grant aid to those countries or we can deny that aid. There is no possibility of putting the responsibility for extending the aid which Greece has asked from the United States on any other nation or upon the United Nations.

"This becomes clear when we consider the specific problems that confront Greece today and the specific kinds of assistance that Greece has requested from the United Nations on the one hand, and from the United States on the other.

"Let us consider first the problem arising from outside Greece's borders. Greece has charged before the Security Council that armed bands operating within her territory are partly supplied, trained, and given refuge in Yugoslavia, Bulgaria, and Albania, and that these bands are moving back and forth across the border. Greece has asked the United Nations for help in dealing with this situation, and the Security Council has appointed a commission which is at the present moment investigating the Greek charges on the spot. It is expected that this commission will begin writing its report early in April, and that report should be ready shortly thereafter.

"We do not know what the report will contain or the action that may be taken by the United Nations upon it. We hope and believe that United Nations action in this matter will result in the cessation of disturbances along Greece's northern border. Such a result would be a most vital contribution to the situation in Greece and make possible the task of stabilization and rehabilitation. It would not

be a substitute for the assistance which Greece has asked from the United States. More is needed to deal with internal disorder and economic breakdown.

"The second problem confronting the Greek Government is the need for supplies and funds to enable it to cope with its internal difficulties, namely, the restoration of order in the country and the averting of economic collapse. The United Nations Relief and Rehabilitation Administration and the British Government have been helping Greece with these particular problems, and the present crisis has arisen because these two supports must be withdrawn.

"To whom was Greece to turn? The Food and Agriculture Organization of the United Nations, which recently sent a mission to Greece, recommended that the Greek Government request the Economic and Social Council of the United Nations and the United States and the United Kingdom to extend aid so it is, securing funds for the continuation of essential food and other imports to cover the period after UNRRA's withdrawal, until expending experts, international development loans, and expanding production should enable Greece to balance its international accounts.

"If Greece had applied to the United Nations or any of its related organizations, the essential element of time would have been lost and the end result would have been the same. The funds would have to come primarily from the United States. The United Nations does not of itself possess funds. The Economic and Social Council is an advisory body that recommends economic, financial, and social action to member states. The International Bank, which is just now completing its organization, is set up primarily to make self-liquidating loans for long-term reconstruction purposes. It has not yet made any loans whatever. The Economic Commission for Europe is still in its early organization stage.

"It may be that at some future time the United Nations will be organized and equipped so as to render emergency aid to member states of the

<sup>1</sup> Introduced Apr. 3, 1947, by the Senate Committee on Foreign Relations.

kind now needed in Greece and Turkey. But, as the President said, the United Nations and its related organizations are not now in position to extend help of the kind that is required. Even if some organs of the United Nations should decide to recommend assistance to Greece and Turkey, it would have essentially to turn primarily to the United States for funds and supplies and technical assistance. Even if the project were not blocked by the objections of certain members of the United Nations, much time would have been lost, and time is of the essence.

"In the longer range, the United Nations may be able to take over various parts of the economic and financial problem in Greece and Turkey. We are giving serious study and consideration to ways in which the United Nations may take hold of this problem after the present emergency is past."

**Question No. 2:** Does not the United Nations have a commission in Greece right now to investigate charges of external aggression by Yugoslavia and Bulgaria? Why not wait for the report? When is it expected? What action will the United Nations take if the commission reports aggression? How will this tie in with our plan? What will be our next step if neighboring countries continue to violate the Greek border?

**Answer:** The United Nations does have a commission presently in Greece to investigate charges of foreign interference by Yugoslavia and Bulgaria, and Albania.

As explained in the testimony given by Acting Secretary Acheson before the committee, the emergency will not permit us to wait for the commission's report. Also the commission is investigating only one phase of the Greek problem which is before us. Consequently, its report will cover only that phase and will not give an answer to the problem as a whole. Finally the work of the commission will be frustrated if all authority in Greece should collapse for failure to receive the emergency assistance.

It is expected that the commission will begin writing its report April 7 and that it may be ready within two or three weeks thereafter.

In the event that the commission's report substantiates the charges made, there are a number of measures which the Security Council could take under the provisions of the Charter. The Depart-

ment of State cannot forecast at this time the action which may be taken, since such action will depend on the nature of the report and agreement being reached by at least seven members of the Security Council.

Our plans and the proposed course of action are entirely consistent with any foreseeable action which the United Nations might take. Creation of disturbances along the northern Greek frontier would be helpful in relieving the general situation in Greece, and thereby make the task of stabilizing that and rehabilitation that much easier.

As to possible steps which might be taken in the case of continued violation of the Greek frontier, this has been answered comprehensively in the answer to the second part of question No. 2.

**Question No. 3:** Why was not the United Nations notified and consulted?

**Answer:** It was, of course, essential that a matter affecting the national security of the United States and requiring Congressional action should be referred to the Congress prior to notification to the United Nations. The decision as to what the United States should do to assist Greece and Turkey is now before Congress. A formal notification to the United Nations would either anticipate the decision of Congress or would lack substance. Senator Acheson will make a statement on the Greek situation before the Security Council on Friday, March 22. The Department, of course, will keep the United Nations extremely informed on the implementation of the United States program pertaining to Greece whatever the responsibilities and functions of the United Nations and its related agencies are concerned. Any agreements reached between the United States and Greece or Turkey will be registered with the United Nations under article 102 of the Charter.

The problem of consultation with the United Nations is also dealt with in the answers to questions 1, 4, 5, and 6.

**Question No. 4:** Is the United Nations likely to lose interest in its cooperative efforts if America agrees to accept world-wide responsibilities and commitments? If we act outside of the United Nations in this instance, will other countries do likewise when it serves their purpose?

**Answer:** In signing the Charter of the United Nations the United States accepted the most far-reaching and fundamental world-wide responsi-

believe and commitments for the maintenance of the world's peace and security and hence our own. United Nations' effectiveness depends upon the willingness of the United States to carry out these responsibilities. What the United States proposes to do in sending Greece and Turkey is an implementation, by the use of our own resources, of our responsibilities and commitments under the Charter. The proposed action of the United States thus would afford no justification for a loss of interest among the United Nations in cooperative efforts. On the contrary, our action would give the greatest encouragement to other members of the United Nations in that we would, by this action, foster economic, social, and political institutions, which the majority of the members of the United Nations would recognize are essential for the maintenance of the independence of Greece and Turkey.

The United States is supporting the United Nations, not acting outside of the United Nations. The United Nations Security Council Commission is now completing an on-the-spot investigation of frontier matters along the Greek-Turkish border. The Commission arrived in each of them by the Security Council as long ago as September 1946, and, again successfully, in December 1946. The United States hopes that the commission's report will be prepared and forwarded with all possible speed following completion of its present schedule of investigation. The United States will press for effective action by the Security Council in its security problems disclosed by the report.

However, Greece has a second problem, that of need for supplies and funds to enable it to cope with its internal difficulties and avoid economic collapse. As set forth by Mr. Acheson, in answer to question 1, Greece could turn only to the United States for emergency assistance were the United Nations and its related organizations are not now in a position to extend help of the kind required. The United States is considering ways and means by which the United Nations, following this emergency, may be able to grant assistance to Greece and hopes that the United Nations will be able to assume an increasing burden in this respect.

**Question No. 1: Why cannot the World Bank be used to meet the situation in Greece and Turkey? If not available now, will it be likely to be avail-**

able later to relieve us from this continuing burden?

**Answer:** It is the Department's view that the bank cannot be used to meet the immediate situation in Greece because a substantial degree of economic recovery and political stability must be accomplished there before Greece will be a good credit risk for the bank.

As pointed out by Mr. Clayton before the House and Senate committees, it is hoped that with effective utilization of the funds provided under the present program and with efforts by Greece to place the economy on a more stable basis she will be in a position to present requests to which the International Bank can give serious consideration. The Greek Government has already informed the bank of its intention to submit a formal loan application at some later date when its plans for reconstruction projects have been completed. As Mr. Clayton has already indicated in his statement of March 34 to the House Foreign Affairs Committee, it is anticipated that Turkey will in due time be able to proceed through existing credit channels a substantial part of the resources required for general economic development.

The bank is not, of course, an agency designed to advance such funds for military purposes as may be required to accomplish the stated objectives of the proposed United States program.

**Question No. 2: Why cannot some of these loans be made from the Export-Import Bank?**

**Answer:** The same considerations outlined in the answer to question 1 regarding the World Bank apply to the Export-Import Bank. Under present circumstances, and until a substantial program of reconstruction has been carried out, Greece cannot be considered a satisfactory credit risk for further Export-Import Bank loans.

**Question No. 3: When was the first information obtained by any person in the White House, State Department, or other department of Government that Great Britain intended to withdraw its support to the Greek Government not later than March 31, 1947? Why was there such a long delay in developing our policy and presenting it to Congress?**

**Answer:** The British note-indirectly handed by the British Ambassador to the Secretary of State on February 24, 1947, was the first formal informa-



tion occurred to the effect that Great Britain intended to withdraw its support to the Greek Government not later than March 31, 1947. On February 21, when requesting an appointment with the Secretary for the British Ambassador, the British Embassy informally indicated to the Department of State what the purpose of his visit would be.

The officers of the executive branch of the Government immediately formulated their recommendations to the President. On February 27 the President, having considered these recommendations, consulted with leaders of the Congress. The program was then further elaborated. Another conference was held with congressional leaders on March 10. The President's message was delivered to the Congress on March 12.

**Question No. 1:** Are there \$325,000,000 of Greek credits blocked in London banks, which the Greeks cannot use outside of the British sterling area, and which Greek Embassy officials here say they could spend if released for the same kind of relief we shall be asked to provide? If so, is there no way to use these credits in this situation?

**Answer:** On February 27, 1947, the Bank of Greece had available unpledged freely expendable sterling exchange in the amount of \$1,500,000 pounds, equivalent to \$36,000,000 at the rate of \$4 to one pound. Of this amount roughly half constituted a loan from the Bank of England originally granted for the purpose of currency stabilization.

In addition the British Government recognizes its obligation to the Greek Government in the amount of 12,500,000 pounds (\$48,500,000) for British military authority notes issued in Greece and drawings advances by the Bank of Greece to British military forces. This amount is almost completely offset by obligations of the Greek Government to the British Government for expenses incurred by the British on Greek account. The settlement of these obligations would net Greece only about 300,000 pounds sterling (equivalent to \$6,000,000), available for expenditures by Greece in the sterling area. It should be pointed out that although \$1,500,000 pounds is designated as "freely expendable", it is expendable only in the sterling area which can supply only limited quantities of the types of goods required by Greece. It is estimated that of the total non-military import

requirements of Greece during the next two years only one fifth can be procured in the sterling area, the other four fifths being available only in the dollar area. Such imports as will be available from the sterling area can probably be financed in large part out of earnings from Greek exports to the sterling area.

Greek sterling balances may remain near the present level, but cannot make a significant contribution to the solution of the current difficulties of Greece because of the heavy shortage of goods in the sterling area.

The same limitation applies to the sterling balances of Greek individuals abroad, even if they could be brought completely under the control of the Greek Government. The amount of these individual balances is not known.

**Question No. 2:** What other current requests for financial or military aid have been made of the United States Government for any foreign country?

**Answer:** The United States Government has received requests from the following countries of Latin America, Asia, and Africa for loans through the regular machinery of the Export-Import Bank, the Foreign Liquidation Commission, and, in a few instances, the Maritime Commission: Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Peru, Venezuela, Japan, Egypt, Ethiopia, and Spain.

In addition, responses to the President's statement of December 12, 1946, outlining the policy of the United States toward China, the bank in April 1946 earmarked \$400,000,000 for possible additional credits on a project-by-project basis to Chinese Government agencies and private enterprises. Up to the present date no implementing agreements had been consummated between the bank and representatives of the Chinese Government.

Additional information concerning loans to European and Near Eastern countries are given in the answers to questions 30 and 31.

Current requests for assistance, in the form of military equipment, from the United States Government have been made by the following foreign countries other than Greece and Turkey:

**The Philippine Republic.**—This assistance came from Public Law 434 of the Seventy-ninth

Congress. Negotiations are now under way to determine the terms of this aid.

*Italy.*—The request involves various kinds of military equipment required by the armed forces permitted to Italy under the treaty of peace.

*Iran.*—It is anticipated the total amount of the request will be relatively small.

Requests of foreign governments for the purchase of United States surplus arms, ammunition, and implements of war without the aid of United States credits are excluded from the above answer.

It is to be noted that none of the above requests would involve any special legislation by Congress and that all of the requests are in the nature of repayable loans.

*Question No. 10:* What other countries, in the opinion or plans of the State Department, may require similar aid? Do we have a general policy of aid or support for other countries?

*Answer:* At the present time the Department of State has no plans for the extension of similar aid to other countries. It is believed that the prompt extension of the aid proposed to Greece and Turkey would have the effect of encouraging constructive, democratic forces in other areas and thereby of reducing the possibility of similar situations arising elsewhere.

In case other countries should find themselves in situations similar to that of Greece and Turkey, and should call upon the United States for aid, it is the intention of the Government of the United States to examine each request in the light of all the circumstances and to extend such aid as might seem most effective within the limits of its capabilities. As Mr. Acheson pointed out in his statement of March 14

"It cannot be asserted . . . that this Government would necessarily undertake measures in any other country identical or even closely similar to those proposed for Greece and Turkey."

The President's message to Congress sets forth the general policy with respect to aid or support to other countries. In the event that situations similar to that which exists with respect to Greece and Turkey should arise with respect to other countries, the administration would, of course, present the matter to Congress before undertaking to extend aid of the character now proposed for Greece and Turkey.

*Question No. 11:* Does the United States Government have any undisclosed commitments to foreign nations as a result of promises made at previous conferences by the late Franklin Roosevelt or by President Truman or by former Secretaries of State Hull, Stettinius, and Acheson?

*Answer:* All tripartite agreements among the United States, the Union of Soviet Socialist Republics, and the United Kingdom, have now been made public with the publication on March 24 of the texts of the Yalta, Yalta, and Potsdam agreements.

*Question No. 12:* Are there any commitments concerning (a) control of the Dardanelles; (b) the status of Greece; (c) the status of Turkey; (d) control generally in the Mediterranean; (e) control of the Suez Canal; and (f) access to the oil fields of Iraq and Iran?

*Answer:* The United States Government has no commitments concerning the matters mentioned other than those contained in the Charter of the United Nations.

*Question No. 13:* Has the State Department any information which would indicate that the United States would be requested or required to send any armed force to Greece in the foreseeable future if this loan is made?

*Answer:* The State Department does not possess any information to indicate that the United States would be requested or required to send an armed force to Greece in the foreseeable future.

In his statement before the Senate Foreign Relations Committee on March 21, Secretary Acheson said:

"The present proposals do not include our sending troops to Greece or Turkey. . . . We do not believe any need to do so. And we do not intend to do so. We have no understandings with either Greece or Turkey, and, of course, in regard to the sending of troops to those countries."

*Question No. 14:* In the opinion of the State Department, would Russia be entitled to interpret the proposed assistance as an unfriendly and overt act on our part justifying retaliatory measures on the part of the Soviet Union?

*Answer:* In the opinion of the Department of State the Soviet Union would not be entitled to interpret the proposed assistance as an unfriendly and overt act on our part, justifying retaliatory

measures on the part of the Soviet Union. The assistance proposed is not directed against any legitimate interests of the Soviet Union. The establishment of stable political conditions and a sound economy in Greece will, in our opinion, greatly diminish the possibility of friction arising out of the Greek question.

*Question No. 16:* Would the United States provide relief for the Greek people if within the next few weeks there should be an agreement resulting in the establishment of a government under the domination of Greek Communists? If the Communists should gain control, would we follow the same policy as we proposed to do at a time when Greece is under the control of the constitutional monarchy?

*Answer:* A government under the domination of Communists could come into power in Greece in the next few weeks only through subversive action by a minority against the will of the majority. That being the case, the United States would not propose to follow the policy which we are submitting to the Congress at the present time.

Mr. Johnson pointed out in his statement in this connection on March 24 that—

"Since our primary purpose is to help people who are struggling to maintain their independence and their right to democratic development, we would not of course want to continue this aid if we should find that our efforts were being frustrated by anti-democratic practices."

*Question No. 16:* In case the respective Governments of Greece and Turkey fall in spite of our efforts, then what do we do about it?

*Answer:* We believe that if this proposed program is carried out the democratic constitutional systems of Greece and Turkey will be preserved. If, in spite of our assistance, that should not be the case, our course of action would have to be determined in the light of the new conditions thereby created.

*Question No. 17:* Is it true that thousands of tons of UNRRA supplies lie rotting on the docks in Greece, and that a great deal of machinery is going to waste because nobody knows how to use it or maintain it? What steps are being taken to prevent the occurrence of instances like this?

*Answer:* No, it is not true. It has, however,

been reported by reliable sources that small quantities of equipment supplied by UNRRA (particularly items of construction machinery) have remained for considerable periods of time at the port of Piræus. The Greek Government has not been in a position to pay promptly for the costs of storing and distributing some of this equipment and there has been some inefficiency on the part of local authorities in handling arrivals.

The proposed assistance to Greece would enable her to improve this performance, particularly with the advice of American technical experts.

*Question No. 18:* In the expenditure of money proposed to be granted by the Congress to be handled exclusively by the American Mission (a) as to amount within the appropriations; (b) as to method and purpose; (c) as to location?

*Answer:* Under the recommended legislation, the President of the United States will determine the allocation of expenditures and the methods, purposes, and location of such expenditures. In making such determination he will be guided by the recommendations of the American Mission.

*Question No. 19:* What form of organization will direct American policy in Greece? Will it be a number of separate commissions, or one commission or one man? Would there be any objectives to a commission consisting of Democratic and Republican representatives from the House and Senate as well as others approved by the President?

*Answer:* Mr. Clayton on March 24, 1947, in his statement before the House Foreign Affairs Committee said:

"It will be necessary to send a civilian mission to Greece to administer this Government's interest in the program. We cannot now say what the size of such a mission would be, or how it would be organized, those questions are still under study."

The Department will keep the Congress informed of its recommendations as soon as they are prepared. Mr. Clayton also stated in his testimony that the appointment of the Chief of Mission could appropriately be subject to senatorial confirmation.

*Question No. 20:* Is it proposed that our considerable resources after Greece is restored to a normal economic condition?

*Answer:* The primary task of the mission would be to assist in securing the effective utilization of

whatever occurred, and may be extended to Greece and to help Greece to begin the reconstruction of her own economy and public administration. It is planned to withdraw the mission as soon as that task has been accomplished.

**Question No. 27:** If American missions supervise expenditures of funds, will they have power to veto expenditures of which they do not approve? Will they have control over the use of commodities purchased with the loan? In other words, will this control be more effective than it was in UNRRA, when we controlled expenditures of funds we contributed but neither we nor UNRRA could effectively control the use to which the supplies were put once they were delivered?

**Answer:** It is proposed that American missions will supervise expenditures of funds and that they will have the power to veto expenditures of which they do not approve. They will also have adequate control over the use of commodities procured under the program.

**Question No. 28:** In these war break-downs to show how the proposed \$400,000,000 will be spent, or is it to be a blank check handed to the President or State Department to spend at their own discretion?

**Answer:** This question was answered by Mr. Clayton's statement before the House Foreign Affairs Committee, March 24, 1947. In summarizing the Greek program, Mr. Clayton said that approximately half of the \$300,000,000 Greek program would be devoted to military purposes and that—

"the \$150,000,000 civilian program for Greece consists of the \$50,000,000 agricultural rehabilitation program and a reconstruction program which includes \$50,000,000 for foreign-exchange costs and \$50,000,000 for internal costs."

Mr. Clayton further stated:

"I should like to emphasize that all the estimates I have given you are necessarily rough approximations and that it is essential that flexibility be maintained, so that adjustments between various portions of the program can be made in the light of experience and developments which cannot now be anticipated in detail."

It has also been pointed out by Mr. Clayton in his testimony before the Senate Foreign Relations

Committee on March 25, 1947, that Congress will be kept informed by regular reports.

**Question No. 29:** What is the nature of this transaction? Does it involve loans, grants, or gifts? Does it amount to additional loans, grants, or gifts to Greece and Turkey?

**Answer:** This question was asked Mr. Ackerson on the hearings before the House Foreign Affairs Committee. In response thereto Mr. Ackerson expressed the opinion that it should be left to the discretion of the President as to whether the assistance should be in the form of loans or grants. He continued:

"My strong recommendation to the President would be that all of these funds which are used for non wealth-producing purposes, such as current consumption, and not for the improvement of military units, should not be in the form of loans."

"If you burden the economies of these two countries with loans for these purposes, you will make it much more difficult for them to be effective borrowers from the International Bank."

"If any part of these loans can be used, and we hope some of it can be used for reconstruction, that is actually putting up some new wealth-producing asset, that would well be in the form of a loan."

**Question No. 30:** Is there any possibility that any or all of the \$400,000,000 will be repaid? If so, to what extent and how?

**Answer:** As indicated in the answer to the preceding question, it is not believed wise or practical to attempt to determine at this time whether and to what extent repayment may be feasible.

**Question No. 31:** Is it our national intention to follow temporary relief contributions of food, money, and technicians with enduring post-war credits of all kinds?

**Answer:** This Government's policy does not require that temporary relief contributions of food, money, and technicians necessarily be followed by "enduring post-war credits of all kinds". It is the policy of the United States Government to foster world economic rehabilitation, development, and trade. Where credits are necessary to achieve these objectives, it has been the policy of this Government to consider such applications sympathetically, to the extent possible within existing financial channels, taking into account the credit stand-

ing of the applicant and resources available for such assistance.

**Question No. 36:** What will be the extent of the military aid proposed for Greece or Turkey as to personnel and coast?

**Answer:** With respect to military personnel, it is contemplated that only limited, technical personnel would be required, having as its function to determine the details of the military requirements of Greece and Turkey and to assist in securing that the financial assistance granted to enable Greece or Turkey to organize and equip their armed forces will be effectively utilized. Secretary Forrestal suggested before the committee that perhaps the most three or four naval officers and possibly 10 or 15 men would be sufficient for the limited purpose of advising the Greek authorities. Secretary Patterson indicated a rough estimate of approximately between 10 and 40 Army officers might be adequate for similar purposes. Under the terms of the proposed legislation any personnel sent would serve only in an advisory capacity. No combat armed forces would be supplied.

As to costs of naval equipment, it was indicated that information currently available as to the extent of requirements is not complete, that any details as to costs will have to be determined when a report is available from personnel who may be sent to Greece, and that in any event the amount to be allocated for the supply of naval material will be relatively small. Approximately \$150,000,000 is estimated as necessary for military and civilian type equipment for the Greek armed forces.

It is contemplated that about \$100,000,000 will be allocated to the Turkish program, all of which would be used for the armed forces or to a lesser extent for economic projects directly related to Turkish security.

**Question No. 37:** What advances in the way of property, goods, and money have been made to Turkey and Greece by the United States Government since the war began? What advances have been made to these states by international organizations to which the United States belongs?

**Answer: GREECE.**—The United States Government has authorized the sum of \$100,000,000 of which \$50,000,000 is left from authorizations and will be available for use in the future. As its share of UNRRA, the United States has contrib-

uted \$235,000,000 (including freight) to Greece. Total aid to Greece authorized amounts to \$135,000,000. A summary of United States aid from October 15, 1914, to December 31, 1945, is as follows:

*United States economic assistance to Greece after the UNRRA, Oct. 15, 1914, to Dec. 31, 1945*

(Millions of dollars)			
Applied	Approved (including)	A amount disbursed or advanced	A available balance Dec. 31, 1945
1st. Relief loans	22.1	10.1	12.0
2nd. UNRRA supplies credits	14.0	25.0	11.5
3rd. Export-Import loans	10.0	4.0	6.0
4th. Maritime contributions	12.0	10.0	2.0

**TURKEY.**—The United States Government has disbursed or advanced \$141,000,000 to Turkey in aid of one sort or another since the war began. Turkey has remaining \$30,000,000 more from the authorizations available for use in the future. UNRRA, to which the United States contributed, has made no advances to Turkey. A summary of United States aid from the beginning of the war to January 31, 1947, follows:

Applied	Approved	Disbursed	A available balance Jan. 31, 1947
Export-Import loans:			
Guaranteed	25,000,000	14,000,000	11,000,000
Unsubsidized	10,000,000	14,000,000	10,000,000
Export credits	10,000,000	14,000,000	10,000,000
Unsubsidized	10,000,000	14,000,000	10,000,000
Maritime contributions	12,000,000	10,000,000	2,000,000
Total	66,000,000	66,000,000	43,000,000

\* In addition, the Turkish Government received \$1,000,000 in cash from UNRRA for which it paid debt.

It should be noted that the undisbursed balance of credits available to Greece and Turkey have already been taken into consideration in calculating the amounts of financial assistance requested of the Congress in the pending bill. For the most part these remaining credits could not be used for the purposes to which funds authorized by the bill would be devoted.

**Question No. 38:** What oil holdings, in the way of companies, lease holdings, and other interests, do United States companies have in the Near and Middle East? In what states are these holdings located, and what is the value of the holdings of the different companies?

*Answer:* The Standard of California and the Texas Co. own jointly and equally a concession covering about two thirds of Saudi Arabia. The Standard of New Jersey and Socony Vacuum are concurrently carrying on negotiations to purchase 30 and 10 percent interests, respectively, in this concession. The value of the holdings is indicated by the reserves estimate of 4,000,000,000 barrels.

The Standard of California and the Texas Co. own jointly and equally a concession covering all Bahrain Island. The value of the holdings is indicated by the reserves estimate of 300,000,000 barrels.

The Gulf Oil Corp. owns a 50-percent interest in the concession covering the Shakhboun of Kuwait. The other 50-percent interest is owned by Anglo-Iranian Oil Co., Ltd. The value of the holdings is indicated by the reserves estimate of 1,000,000,000 barrels, of which 4,000,000,000 barrels is American-owned.

The Iraq Petroleum Co. owns concessions covering all Iraq, some of Syria, Qatar, and all the Shakhboun on the periphery of the Arabian Peninsula from Qatar to Yemen. Of all these holdings only Iraq and Qatar have been proved productive. The American interest is 25.75 percent of the corporation, which interest is owned equally by the Standard of New Jersey and Socony Vacuum. The value of the holdings of the Iraq Petroleum Co. is indicated by the estimated reserves in Iraq and Qatar which total 8,000,000,000 barrels, of which nearly one fourth is American-owned.

The reserve figures shown herein are those which have been published in American Petroleum Interest in Foreign Countries (S. Res. 36, 76th Cong.). Since very little is known about the size of these reserves estimates are regarded as indicating little more than their order of magnitude. Obviously it would be impossible to convert these estimates into dollar values at this time.

As for company investment it is believed that the ARAMCO has spent to date about \$100,000,000 in Saudi Arabia. Comparable figures on other areas in the Middle East are not presently available.

There are no American oil interests in Iran.

*Question No. 29:* Let our purpose be to support the present Greek Government; that is, the monarchy! Is it our proposal to support the present Turkish Government? In other words, what will be our

attitude toward the domestic control of internal affairs in these countries?

*Answer:* It is our primary purpose to assist the Greek people, so that they may retain the opportunity to choose the form and composition of their Government in accordance with the wish of the majority. This also applies to Turkey. We do not conceive it to be our function to influence the judgment of these two peoples with regard to their Governments. If the Greek people wish to have a king, just as the British wish to have one, and the Swedes, the Norwegians, and the Dutch, that is a matter for them to decide.

Whatever we may do to assist Greece and Turkey, we propose scrupulously to respect the sovereignty of these countries with respect to the conduct of their internal as well as their external affairs.

*Question No. 30:* What are the exact forms of government now in existence in Greece and Turkey? When were these Governments established as they now operate, and to what extent do the people of the respective countries have a voice in their Governments? Have there been recent elections in either or both of the countries, and under whom campaign were such elections held? Is it the view of our Government that the Governments of either or both countries are dictatorial? Is it contemplated to suggest changes? What efforts are being made by the Governments of Greece and Turkey to stamp out Communism?

*Answer:* The Government of Greece is a constitutional monarchy similar in its general character to those of the Scandinavian countries, the Netherlands, Belgium, and Great Britain. The King's powers are very limited and he can act only through his ministers, who are members of and responsible to the popularly elected Parliament. A government of this character, though varying as to details at different periods, has been the rule in Greece almost ever since that country obtained its independence. The present constitution was adopted in 1921. There is universal manhood suffrage in Greece and the present Parliament is regarded as being representative of at least 33 percent of the population. The last parliamentary elections were held on March 31, 1948, and were observed by 11 American, British, French, and South African missions, next at the request of the Greek Government. The elections were conducted

by the Greek authorities in accordance with the constitution. The foreign observers reported that they were generally fair and gave a true picture of the will of the Greek people at that time.

The Turkish Government is a republic under a constitution adopted in 1924, which provides for a representative parliament elected by universal suffrage. The executive is headed by a president who is chosen by the members of the parliament. Under him there are cabinets which are elected from and is responsible to the members of the parliament. The last parliamentary elections in Turkey were held in July 1946 after a free political campaign.

It is the view of the Department of State that both the Greek and Turkish Governments are on essentially democratic and that both are progressing along the road of democracy. The essential democracy of these two Governments is, it is believed, demonstrated by the fact that in both countries substantial opposition parties are not only legal but are carrying on an energetic campaign of criticism of the Governments in power without hindrance by the governmental authorities. Both countries enjoy freedom of the press to a degree which exists in few other countries.

The United States Government does not propose to dictate to either Greece or Turkey the form or composition of its Government. We believe that in both cases if there is freedom from fear and from economic want, the peoples of the two countries will be able to elect the type of government they desire, and it is our desire to make them so.

The Communist Party is legal in Greece and carries on its activities freely within the limits of the law which regulates all political groups. The Greek Government has taken certain measures against individuals whose disloyalty to the state is considered established and is carrying out military campaigns against Communist-led bands which are openly defying the authority of the state.

The existence of a Communist Party is not permitted in Turkey, and it is believed that there are very few Communists in that country.

*Question No. 11:* What evidence has been submitted which would lead one to believe Russia is attempting to take over the governments or to establish governments which would be dominated

by Russia in either or both countries? Is there positive evidence of Russian infiltration? If so, to what extent have either or both Governments made attempts to prevent such infiltration or to forest the return to their own country of any Russians or their representatives? What is the number of Communists in each country and what positive evidence is there, if any, that Russia is directing the policies and activities of these Communist groups?

*Answer:* An examination of the President's message and of the proposed legislation will indicate that the President has not charged that any specific country is attempting to take over the Greek or Turkish Governments or to establish governments dominated by it in either or both countries.

With regard to Greece, it would appear to the Department, from the information available to it, that the principal threat to Greek independence comes from armed groups in Greece led by Communists. The purpose of these armed groups appears to be to prevent the reconstruction of an independent, democratic Greece. They would seem to be determined to promote economic chaos until such time as they might be able by force to seize the power. There is no doubt that these armed groups are receiving encouragement from abroad.

A United Nations commission is now in Greece which has among its objectives the investigation of alleged border violations. It would be welcome to make further comment regarding the nature of the support which the armed groups are receiving from abroad until the report of this commission has been received.

So far as is known, there are at present no organized armed groups in Turkey intent upon undermining the independence of that country. The pressures of various kinds which have been exerted upon Turkey from without during the last 18 months are so well known that it would appear to be unnecessary for there to be set forth in detail by the Department of State at this time. It is hoped that aid to Turkey would prevent the development of conditions within that country which would render it difficult for it to withstand pressures from without which might threaten its independence.

No precise figures are available regarding the number of members which the Communist Party

has at this time in Greece and Turkey. It is believed, however, that that party has relatively few members in each country. The threat to Greek independence comes not so much from the number of Communists in Greece as from the groups which the Communists have been successful in dominating as a result of the economic misery of the Greek people. The Communist Party in Turkey is outlawed and, therefore, such Communist activities as are carried on in that country must be of a secret character.

*Question No. 24:* When did Turkey enter the war, and what efforts were made and by whom to have her do so? Were any promises made to her by way of credits, supplies, and the like? Did the neutrals and belligerents and since she entered the war? To what extent did Turkey cooperate with Germany before her entry into the war? Did she trade with Germany before she entered the war, and to what extent? What did Turkey do to help the Allies after she entered the war? Did she furnish troops? Did she furnish materials or supplies?

*Answer:* Turkey declared war on Germany and Japan on February 23, 1944, having previously broken off diplomatic relations with Germany on August 2, 1944, and with Japan in February 1944.

Following the Tehran conference in late 1943, the suggestion was made to the Turkish Government by the Soviet, British, and American Governments that Turkey should enter the war on the side of the United Nations. The Turkish Government agreed in principle, but pointed out that its forces would require substantial quantities of equipment if they were to play an effective role in the war. Negotiations in this regard were opened and continued over a considerable period, but, in view of their other commitments, the Allies were unable to meet the Turkish needs. The decision not to undertake a Balkan campaign, of course, greatly reduced the part Turkey could have played in the conduct of the war. In the opinion of the United States Government, Turkish neutrality was useful to the United Nations, and it is doubtful whether any greater benefits would have been derived from active Turkish participation.

At the time of her declaration of war, the only inducement offered to Turkey was the opportunity to become a charter member of the United Nations organization through participation in the San

Francisco conference. The same inducement was offered several other nations which had remained neutral up to that time.

Following the declaration by President Roosevelt on November 7, 1941, that the defense of Turkey was vital to the defense of the United States, Turkey received lend-lease material amounting to approximately \$30,000,000 in value. Great Britain also provided substantial quantities of supplies to Turkey during the war.

In the opinion of the Department of State, Turkish contact with Germany prior to her declaration of war was limited to the museum secretary to preserve her neutrality. In general, throughout the war, Turkey maintained an attitude of benevolent neutrality toward the United Nations and lived up to the obligations of her treaty with Great Britain and France. In many ways Turkey actively assisted the Allies by admitting Allied technicians to Turkish territory, allowing the establishment of Allied supply dumps, and facilitating the passage of Allied wounded, occupied prisoners, and so forth, through Turkey, all of which was in technical violation of the requirements of neutrality.

Before the outbreak of the war, Turkey, like many other European nations, especially those of Southeastern Europe, economically depended upon Germany as an important market for her exports. Under the Nazi trading system, the Turks could receive upon their ships in Germany only by importing German goods in return. Consequently, a large share of Turkey's foreign trade fell into German hands before the war. During the war the situation was further complicated by Turkey's isolated position and the inability of the Western Allies to send ships to the principal Turkish ports, Istanbul and Smyrna. Nevertheless, both before and during the war, Turkey did her best to reduce her trade dependence upon Germany and to open trade channels with other countries. All trade with Germany, of course, ceased at the time of the severance of diplomatic relations in 1944.

Following her entry into the war, Turkey was not called upon to provide troops or materials or take an active part in the fighting, because the Balkans, the only theater in which her contribution would have been effective, had already been occupied by the Soviet and British forces.

*Question No. 25:* How does our Government



reconcile the position of desiring to assist Turkey and Greece as well as other countries to fight Communism through loans and gifts, when it is furnishing food and supplies to countries which are alleged and known to be dominated by Russia!

*Answer:* The difference between the policies expressed in the requested appropriation of \$350,000,000 for general relief and \$400,000,000 for Turkey and Greece lies in the nature of the two programs. The relief appropriation is designed to do exactly what is implied in its designation—provide food and related goods to countries in need of assistance and without the means to pay in foreign exchange for these goods. It is a measure designed to do our part in the prevention of starvation, regardless of the political aspects of the governments in control, based on the principle that relief of that kind is for people in need, and that those unfortunate people cannot be allowed to suffer from hunger because of the nature of their governments. Relief extended under the \$350,000,000 program would be closely supervised and used only where needed to prevent actual suffering. The government of any people receiving such assistance would have to agree to full publicity concerning the source of the relief and rigid conditions as to equitable distribution of the supplies. It is believed that our struggle to maintain our ideals in the world will not be impaired by the prevention of suffering on such a basis.

The special assistance to Greece and Turkey, on the other hand, is designed specifically to strengthen the Governments involved and rehabilitate their economic systems in order to provide the economic basis for their defense and independence. This program involves expenditures for capital as well as current items and implements the announced foreign policy of the United States to assist in maintaining the liberty and independence of free peoples. Its purpose, therefore, is not relief as such.

It is in these fundamentally different purposes that the two proposals differ and are at the same time consistent with each other and with overall United States foreign policy.

*Question No. 34:* Is it the plan to remove all British soldiers from Greece as well as in Turkey, if any, before assistance is actually made available? What authority, if any, will remain in the British Government in those areas where we are furnish-

ing funds and supplies under the proposed plan of assistance?

*Answer:* It is not the plan to remove all British soldiers from Greece before the proposed assistance is actually available. There is a connection between the presence of British troops in Greece and the proposed assistance. The British have indicated that it is their intention to withdraw their troops from Greece in the near future. There are no British troops in Turkey.

The British Government will have no authority in those areas to which our proposed assistance would be extended.

*Question No. 35:* What period of time is this amount expected to cover? Does the State Department have any idea, based on the present conditions in Greece, as to how long American economic aid will be necessary, and to what maximum extent?

*Answer:* The present request for financial assistance is expected to cover the period through June 1948.

Based on present conditions in Greece it is not possible to state definitely how long American economic aid will be necessary and to what maximum extent. It is expected, however, that if the aid requested can be provided and is used effectively, Greece should be able to make such real progress toward economic recovery that she could look to the International Bank for assistance in financing her further reconstruction and development needs.

*Question No. 36:* Do our military authorities feel that Soviet Russia's military strength is such that they are likely to take action against the United States either in connection with our entrance into Greece or as the result of some other dispute arising during the next two years? (The Senator asking this question says he expects an analysis of the Russian character, but only came light on their military strength and their own confidence in it.)

*Answer:* In the opinion of the Department of State, there is no reason to believe that any country would find provocation for action against the United States as a consequence of our proposed rescue in the Greek crisis. Beyond this it is believed that public expressions of opinion by the executive branch of the Government on the military strength and effectiveness of a foreign power

in against the United States would not be in the public interest.

**Question No. 27:** What evidence has our Government that a government dominated by Greek Communists would spread Communism in other parts of the Mediterranean, or spread "confusion and disorder throughout the entire Middle East"? How is the "national security of the country" involved?

**Answer:** It is not believed that it would be in the interests of the United States to enter into a public discussion regarding the evidence which this Government has that a government dominated by Greek Communists would spread "confusion and disorder throughout the entire Middle East". An examination of the map, however, should make it clear that the geographical position of Greece is of such a character that the conquest by Greece of Communist groups would have a great impact upon the whole Near East.

Furthermore the unhappy fact which would befall these democratic elements in Greece which have had the courage to oppose Communism at the hands of the notorious Greek Communists would have an oppressive effect upon the democratic constructive forces of the other countries of the Near East.

The chain of events which would be likely to follow the conquest of Greece by Communism would unquestionably result in a degree of instability in the whole Near and Middle East which might well result in the outbreak of armed conflict of a character dangerous to the maintenance of peace.

**Question No. 28:** After our missions have moved into Greece and rehabilitated the Greek Army and spent millions in reconstruction, could Greece, with our assistance, resist an invasion?

**Answer:** The purpose of our proposed assistance to Greece is not to put Greece in a position to resist overt aggression by foreign countries. Our objective is to strengthen the internal economic structure and the internal security of Greece so that she will be relieved of the danger of the overthrow of constitutional government by an armed minority.

The Department considers that an invasion of Greece would be clearly a matter for the United Nations to handle, and the United States Govern-

ment would, of course, cooperate fully with the United Nations in dealing with such a situation.

**Question No. 29:** While it is a fact in Greece, will we permit elections to be held? Will we return from Greece in case a duly elected majority of the Greek people in fair election request our retirement?

**Answer:** The answer to both questions is in the affirmative. We do not propose to assume such authority in Greece as would permit us to say whether or not elections should be held. Neither would we propose to operate in Greece if a majority of the Greek people clearly did not want our assistance. Mr. Ashmore pointed out in his statement on March 24, regarding our proposals for aid to Greece and Turkey, that "our aid will not be continued any longer than it may be needed or wanted by these countries".

**Question No. 30:** If British troops remain in Greece, will the United States readily fund and supply the populars while Great Britain continues to supply the directing policies of the Greek Government? Would the continued presence of Britain's armed forces interfere in any way with the development of the American program of economic help to Greece?

**Answer:** The answer to both questions is in the negative. Such information as this Government has indicates that it is not in accord with the facts to suggest that Britain at present supplies the "directing policies of the Greek Government".

The British have indicated that British forces will probably be entirely withdrawn in the next few months. In any case, British forces have not hesitated with past efforts to furnish relief and economic aid to Greece and there is no reason to suppose they will do so in the future.

**Question No. 31:** Is it true that the Greek Army includes among its commissioned officers a number of members of the security battalions which were set up under Nazi influence? Is it true that these alleged collaborators participated in Jewish deportations for liquidation purposes?

**Answer:** It is of course possible that there are still some officers in both the Greek gendarmerie and Army who were members of the security battalions which functioned during German occupation. According to information received reli-

able, the Greek Government has been making a determined and successful effort to screen out of the Army anyone whose record during the period of occupation indicated sympathy with, or cooperation with, the enemy.

It is possible that some security battalions participated in rounding up Jews for deportation. However, such information as is available indicates that it was for the most part German troops who collected Jews and shipped them out of Greece. Most of the Jews in Greece lived in Salonika and were deported from there by German troops. The Greek people as a whole have an excellent record in their attitude during the war toward Jewish people. As an offset to the few who collaborated with the enemy in Jewish deportations, there were many who risked their lives to protect Jews. Archbishop Demetrios himself intervened with the Germans on several instances and instructed his colleagues to aid the Jews. The Greek people have never been anti-Semitic.

**Question No. 48:** How many British troops are still in Greece, and how long are they expected to remain?

**Answer:** It is believed that there are at present less than 10,000 British troops in Greece. No exact date has been set for their departure, but the British Government has announced its intention of withdrawing all its forces in the near future.

**Question No. 49:** What is the size of the Greek Army? The Turkish Army?

**Answer:** According to such information as is available, the Greek Army numbers approximately 100,000 men, and the Turkish Army between 200,000 and 400,000.

**Question No. 51:** Does the administration contemplate action to "banish" the Central Government in China against its armed Communist minority similar to that now being proposed in Greece?

**Answer:** As was explained by Secretary Acheson in testifying before the House Committee on Foreign Affairs, March 30 and 31, the situation in Greece is quite different from that in China. The Government, therefore, does not propose to follow identical courses of action in the two countries. However, as Mr. Acheson also pointed out, the United States has already extended very large financial credits to the Chinese Government and

has armed and equipped some 36 divisions of the Chinese Army.

**Question No. 52:** Should not provision be made that all purchases of goods in this country be made through the United States Treasury Procurement Service, thereby avoiding hoard and graft?

**Answer:** As Mr. Clayton has stated before the House Foreign Affairs Committee on March 24 and the Senate Foreign Relations Committee on March 25:

"It is my considered opinion that in the United States any purchases with these funds should be made through the procurement agencies of this Government, or, if made otherwise, should be subject to careful supervision and strict control."

**Question No. 53:** Why is legislation necessary to authorize the sending of a military mission? Is this not a constitutional privilege of President? If legislation were proposed to prohibit the President from sending a military mission, would not the State Department hold that the legislation was unconstitutional on the ground that it interferes with the right of the Executive (a) to conduct foreign relations, and (b) to command the armed forces?

**Answer:** The proposed legislation provides for—

"detailing a limited number of members of the military services of the United States to assist these countries, in an advisory capacity only—"

and makes applicable to personnel detailed the provisions of the act of May 19, 1928, as amended, which are applicable to personnel detailed pursuant to that act.

It is believed that even though the President may, under the Constitution, detail in time of peace military personnel to render services to a foreign government, it is appropriate for him to ask Congress to participate in the decision to follow such a course of action. The act of May 19, 1928, which dealt with the detail of military personnel to certain foreign governments, is an instance where Congress has previously participated in such a decision.

However, there are additional reasons which make congressional action in this instance indispensable. An examination of the personnel provisions of the act of May 19, 1928, which the proposed

legislation makes applicable to personnel detailed to assist Greece and Turkey, shows that they authorize:

(a) Acceptance by detailed military personnel, from the government to which they are detailed, of office and such compensation and emoluments thereto appertaining as may be first approved by the Secretary of War or the Secretary of the Navy.

(b) The receipt by such personnel, in addition to the compensation and emoluments allowed them by such governments, of the pay and allowances therein entitled in the United States military service.

(c) The allowance of the same credit for longevity, retirement, and for all other purposes that they would receive if they were serving with the forces of the United States.

There are matters concerning the maintenance, support, and the government and regulation of the military forces of the United States and the Constitution vests the power with respect to such matters in the Congress (art. I, sec. 8).

**Question No. 47:** Who made the recommendations to the State Department on the Greek and Turkish situation? Was it Paul Porter, Mark Ethelidge, or the regular Ambassador, or someone else?

**Answer:** Recommendations to the Department regarding the Greek and Turkish situation were made by all the responsible American representatives in those two countries.

**Question No. 48:** Is there more need for protecting the present form of government in Greece than in any of the other Balkan countries, or particularly Northern China?

**Answer:** Greece is the only Balkan country which has thus far been successful in maintaining a democratic form of government, and the Department of State is of the opinion that it is in the interests of the United States that Greece should be permitted to exist as an independent, democratic, economically sound state.

This Government considers Northern China to be an integral part of the Chinese Republic. It also takes the position that it is in the interest of the United States and of world peace that China should also exist as an independent, democratic, economically sound state.

**Question No. 49:** Are we laying down a general principle which will govern our policy everywhere in the world, and particularly in China, Poland, Finland, Iran, Iraq, Afghanistan, and India?

**Answer:** In his statement on March 24, Mr. Acheson said:

"Any requests of foreign countries for aid will have to be considered according to the circumstances in each individual case. In each case we would have to study whether the country in question really needs assistance, whether its request is consistent with American foreign policy, whether the request for assistance is sincere, and whether assistance by the United States would be effective in meeting the problems of that country. It cannot be assumed, therefore, that the Government would normally undertake measures in any other country identical or even closely similar to those proposed for Greece and Turkey."

**Question No. 50:** If the cost of maintaining the Turkish Army can only be met by reducing the Turkish standard of living, does America intend to subsidize the Turkish military population for so long a time as Turkey maintains an oversized military establishment?

**Answer:** Assistance to Turkey would not be provided in any case to enable her to maintain a military establishment larger than necessary, nor would such aid be designed to "subsidize" the civilian population. With improved conditions, it is hoped that the need for maintaining the Turkish military establishment would diminish in time.

**Question No. 51:** If British troops are withdrawn from Greece, will American troops replace them by approximately comparable numbers?

**Answer:** Mr. Acheson answered this question as follows in his statement on March 24.

"The present proposals do not include our sending troops to Greece or Turkey. We have not been asked to do so. We do not foresee any need to do so. And we do not intend to do so. We have no understandings with either Greece or Turkey, oral or otherwise, as regard to the sending of troops to those countries."

**Question No. 52:** If British troops are withdrawn from Greece and American troops do not

replace them, what plan will be followed to maintain law and order?

*Answer:* It is our expectation that with the assistance to be provided by the United States in the form of supplies and equipment, together with the improved conditions which should result from the provision of American financial and technical assistance, the Greek Army, gendarmes, and police forces will be adequate to maintain law and order in Greece. In this connection it should be remembered that the British troops have taken no part in the maintenance of internal order since their brief participation in the armed clash of December 1944.

*Question No. 19:* Does our entry into Greece and Turkey under the circumstances proposed by President Truman vitiate the abandonment of the Monroe Doctrine with its corollary that if European countries keep out of North and South America, we likewise shall keep out of Europe?

*Answer:* President Truman's proposal does not entail in any respect an abandonment of the Monroe Doctrine.

We do not understand the alleged corollary contained in the above question to the effect that if European countries "keep out" of North and South America, we shall "keep out" of Europe. Twice in the last 45 years the United States has gone to the assistance of democratic countries in Europe by sending 1,000,000 men at one time and 4,000,000 men at the other time. After World War I, the United States contributed approximately \$1,000,000,000 to the relief of suffering in Europe. Since World War II, we have contributed about \$4,000,000,000 for the same purpose. President Truman's present proposal is to respond to the requests of two nations which have asked for assistance from the United States.

*Question No. 21:* Is there any essential difference between America operating in Turkey and Greece and Russia operating in the nations of Eastern Europe? How can America ask Russia to retire within its national boundaries if America has no intention of remaining within her own?

*Answer:* In answering this question, the Department of State does not believe it appropriate to accept the invitation offered by the question to comment on the activities of the U.S.S.R. in Eastern European countries. It restricts its answer

to dealing with the implication that the United States "has an intention of remaining within her own" boundaries.

The United States is not following a policy of isolation. Neither is the United States by President Truman's proposals or otherwise contemplating any action in Greece or Turkey other than responding to requests for economic, financial, and expert assistance.

*Question No. 22:* Is it the intention of the administration that no pressure will be started on the Greek Government to take Communists into the Government, as apparently has been our policy in China?

*Answer:* Mr. Acheson in his statement of March 24 addressed himself to this aspect of the problem. He stated that—

"It is feared in some quarters that the proposed United States program for Greece constitutes a blanket endorsement of the present government. Others have suggested that the United States make the assistance conditional on changes in the composition of the Greek Government.

"As to the first point, I can do no better than to emphasize the President's declaration that we do not condemn everything the present Greek Government has done or will do. As to the second, I do not think that such interference in Greek affairs would be justified.

"The present Parliament of Greece was democratically elected in an election which foreign observers agreed was fair. There can be no doubt that it represents the majority of the Greek people. The present Greek Cabinet contains representatives of 25 percent of the members of the Greek Parliament. . . .

"It is not the object of our aid to Greece either to help to maintain or to help to remove the present government or the King of Greece. It is our object to help to maintain the present constitutional system of Greece so long as the majority of Greeks desire it, and to help Greece create conditions in which its free institutions can develop in a more normal fashion.

"It is not claimed that all persons involved in the present armed challenge to the Greek Government are Communists. There are among them many persons who honestly, but in our opinion mis-

takeover, support the Communist-led forces because they do not like the present Greek Government. The political amnesty offered by the Greek Government offers to all the opportunity to cooperate in making democratic Greek institutions work."

**Question No. 14:** What agency will supervise the execution of these various plans? What individuals will head up the proposed organization so far as present information goes? Would the administration object to a provision requiring Senate confirmation of the principal American representatives entrusted with this responsibility?

**Answer:** It is planned that the State, War, and Navy Departments will supervise the execution of the various programs relating to their respective fields. As Mr. Clayton has said before the House Foreign Affairs Committee and the Senate Foreign Relations Committee, it is planned to send to Greece an American mission to supervise the execution of the economic program. He further stated that it was planned to send an initial mission consisting of 25 to 30 persons, headed by a person of outstanding ability. Mr. Clayton also stated before the Senate committee that the State Department had no objection to the Senate confirmation of the mission chief.

**Question No. 15:** Will the administration take the Congress, or at least its Foreign Relations Committee, into its confidence as we approach situations likely to appear?

**Answer:** It is the intention of the administration to inform Congress, and when such special situations as these arising in Greece and Turkey should develop. As the President has said, the executive and legislative branches must work closely together on major problems of this sort.

**Question No. 16:** Is not the President taking action by a lead in putting this matter on a national or global scale rather than strictly limiting it as the case of UN action to Greece and Turkey?

**Answer:** The President in his message to Congress recommended that the United States respond to the requests for assistance made to it by Greece and Turkey. In the course of his message, he said:

"I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

We believe that that statement is in entire accord with the principles of the United Nations Charter and the duties of the members of the United Nations. As pointed out in answer to question 13, the President did not assert that the measures which he was recommending in the case of Greece and Turkey would be the measures appropriate to support the statement of principle in other situations.

**Question No. 17:** Would a gift of money to Great Britain for Greece achieve the same purpose? Have any attempts been made financially or otherwise to assist Britain to remain in Greece?

**Answer:** No consideration has been given to the possibility of making a gift of money to Great Britain to help it for Greece. It is not believed that such a course would be an appropriate or desirable way to respond to the request.

No attempts have been made financially or otherwise to assist Britain to remain in Greece.

**Question No. 18:** Should the proposed action increase or justify Russia's fear that we are engaged in an encirclement of Russia? Would Russia be justified in viewing our action as a threat now or in the future against Russia's own territorial integrity?

**Answer:** The United States Government does not consider that its proposed action to assist in bringing about stable conditions in Greece and Turkey could in any way be considered as a step in the encirclement of any country. In our view, the establishment of such stable conditions, far from constituting any threat to the territorial integrity of any other country, should as the country contribute to the establishment of European peace and tranquility, which is in the best interests of all countries.

**Question No. 19:** What are the conditions in Turkey that necessitate our proposed assistance to Turkey?

**Answer:** For many years Turkey, in order to provide for its national security in accordance with its own judgment of the necessities of the situation, has maintained considerable portions of its military manpower under arms. This has placed an economic strain upon the country both in obtaining from abroad the necessary equipment and supplies for the Army and maintaining the productive power of the country. In the past

Turkey has had help from both the United States and the United Kingdom. United States military help ended in 1918. The United Kingdom cannot provide further assistance. In order to prevent deterioration of the Turkish economic situation, which might weaken the country and compromise its position, Turkey has requested American financial assistance which the President proposes that we grant.

*Question No. 26:* If the United States supplies aid to Turkey do we become a co-guardian of the Dardanelles?

*Answer:* The status of the Dardanelles is regulated by the Montreux convention of 1923. By the terms of this convention, Turkey is solely responsible for the defense of the Straits. Action by the United States to assist Turkey with money or supplies would not place any special responsibility on the United States with regard to the Straits.

*Question No. 27:* Is it not a fact that Great Britain is maintaining in Palestine a military force which is ten times as great as that in Greece, and which involves expenditures running into hundreds of millions of dollars, despite the alleged inability of Great Britain to take care of the situation in Greece? Was any attempt made to study if available British military personnel concentrated in Palestine could have been utilized in Greece? Should not the Palestine question now be settled with Britain in this same connection?

*Answer:* This Government is not in a position to state precisely how large the British military force in Palestine are. It is possible, however, that they are ten times as numerous as those in Greece. This Government also is not in a position to estimate the expenses incurred by Great Britain in maintaining British forces in Palestine. No attempt has been made to ascertain if available British military personnel concentrated in Palestine could be utilized in Greece, since neither the British Government nor the American Government has proposed that the military personnel in Greece be increased. The assistance contemplated for Greece is not in the form of increased foreign armed forces.

It is believed that it would be unfortunate to link the question of extension of aid to Greece with the Palestine problem. It will be recalled that

Great Britain has indicated its intention to submit the Palestine problem to the United Nations. It will undoubtedly be many months before the United Nations will be able to find a solution to the Palestine problem, and the question of aid to Greece, as pointed out by the President, is extremely urgent.

*Question No. 28:* Does not the present Greek crisis indicate the need for a frank discussion of Near-Eastern-American relations at the highest level? What does the Government of the United States intend to do about it?

*Answer:* Secretary Marshall is now in Moscow negotiating upon several of the important problems in Soviet-American relations, and this Government will continue to make every proper effort to resolve outstanding problems on a basis consistent with the principles to which the United States adheres.

*Question No. 29:* Can the action contemplated by the President be considered intervention in the internal affairs of other sovereign states?

*Answer:* The proposed action cannot properly be considered as intervention in the internal affairs of other states, because it will be undertaken only at the request of the states concerned and in accordance with the wishes of the peoples of those states. It is further our intention to establish the basis of our activities in both countries through free and open negotiation with their governments. There will be no attempt to force our aid upon either country nor will there be any attempt to derogate their sovereignty.

*Question No. 30:* What safeguards will the United States take with respect to the administration of the assistance to Greece and Turkey in order to avoid the charge that we are attempting to dominate these countries?

*Answer:* The manner in which our proposed assistance to Greece and Turkey will be administered will be determined in the end by agreement with the Governments of the countries concerned. We shall be careful at one and the same time to make sure that American funds are properly utilized for the greatest benefit of Greece and Turkey and that that is done in full accord with their Governments and with full respect for their constitutional systems. It is not possible at this stage to outline the exact procedures that will be followed.

**Question No. 67:** Before the Congress accepts the responsibility of passing on this question, should it not be put up to all the members of the United Nations for their approval or disapproval? Regardless of the veto power which the Great Powers have, is it not true that approval by practically all of the members of the United Nations would give great substance to the justice of the act we propose?

**Answer:** The Department is doubtful of the desirability of trying to obtain public expressions of view from all governments on a matter on which the United States Government has not itself reached a decision. In any event it is impossible, even had such action been initiated on the date of the President's message to Congress, that the votes of the United Nations' members could be obtained either through a special session of the General Assembly or by an individual poll prior to March 14, the date at which emergency assistance should begin.

**Question No. 68:** If this help to Greece and Turkey must be immediate, could we not arrange with the United Nations that we act now, with the further understanding that money we now spend for this purpose will be considered as an obligation of the United Nations to be reimbursed later?

**Answer:** There is no organ of the United Nations now in session which could enter into such an understanding with the United States Government. It would be necessary to convene a special session of the General Assembly to consider the question.

Since the present crisis arose in part because the British Government finds itself unable to continue aid to Greece and Turkey, it is plain that that Government would not be in a position to agree to reimburse the United States. The Department of State knows of no other nations which could or would be willing to assume this burden. The United Nations organization has no resources apart from those of the nations which are members thereof.

**Question No. 69:** Does the assumption of the British obligations in Greece by the United States mean that the United States is underwriting the *status quo* in the Middle East?

**Answer:** In extending assistance to Greece of the character proposed, the United States is not

assuming the obligations of Great Britain nor of any other power. Such assistance would be given in the interest of the people of Greece, in the promotion of world peace, and of the security of the United States.

It is not the intention of the United States to underwrite the *status quo* in the Middle East. It will be recalled that in his message to Congress, on March 12, the President said:

"The world is not static and the *status quo* is not sacred. But we must allow changes in the *status quo* in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration."

**Question No. 70:** Did President Truman know of this impending emergency when he advised Congress on March 3 to allow Selective Service to lapse?

**Answer:** The President did know of the impending emergency at that time. The note had been received from the British Ambassador on February 24 and communicated to him, and it will be recalled that prior to March 3 discussions had been initiated with congressional leaders on the problem. However, the request for aid from the Greek Government was not received until March 8.

**Question No. 71:** How much money has the American Government contributed through various agencies to the Government of Yugoslavia in the past three years?

**Answer:** Yugoslavia has received \$21,000,000 of loan-type aid since July 1945, of which \$10,000 has been received since September 1946. Data for the period of the last three years are not readily available. The United States share of UNRRA's contribution to the Yugoslav relief program was \$112,000,000, exclusive of freight (based on 75 percent of the total contribution), all of which was furnished in the past three years.

**Question No. 72:** How much money has the American Government contributed through various agencies to the people of Greece in the past three years?

**Answer:** The United States contributed \$24,000,000 as its share of UNRRA shipments to Greece through January 1, 1947. As regards other types of assistance, the figure given in the answer to question 71 for United States aid to Greece more



(the beginning of the war) also constitutes an answer to this question, those all of which and has been given to Greece in the past three years. It should be pointed out, however, that the credits listed in the answer to question 57 as accorded by the CFLC and Maritime Commission, do not involve any monetary outlay.

**Question No. 73:** Does the United States Government intend to tell the Greek Government how it shall set up its Government budget, its tax system, its civil-service system, and how to conduct its foreign trade, or other Governmental activities, including development and training of the Greek Army with American weapons?

**Answer:** We do not intend to dictate to the Greek Government regarding the conduct of its internal affairs. However, it will be necessary that controls acceptable to the United States Government be established at key points so that the funds and supplies made available are used to best advantage. This may require active participation by members of the American mission in cooperation with the Greek administrative authorities. The Greek Government has already made several requests for expert advice in several fields, and it is believed that the Greek Government would welcome such expert advice as the United States might be able to provide in matters such as fiscal and tax policies and administration, import and exchange controls, and the like. There is reason for believing that advice on military matters would also be welcome, but present plans do not envisage any training program for the Greek armed forces under American auspices, except possibly for limited technical instruction in the use of American equipment.

**Question No. 74:** How many military missions will we furnish for service in Greece? Of what will each mission consist?

**Answer:** Final plans in this regard have not been made. It is anticipated that only one mission will be sent and that its primary function will be to determine Greek needs for equipment and to make sure that the supplies furnished by the United States reach their proper destination in time and in good condition. As Secretary Patterson explained to the committee on March 30, the members of the mission may also show the Greeks

how to use technical items of American equipment which may be furnished.

**Question No. 75:** Are the salaries and expenses of military missions and other American experts in addition to the \$400,000,000 involved in the proposed loan?

**Answer:** It is expected that the pay and allowances of military personnel will not be paid out of the \$400,000,000 request, as provided in section 1, paragraph 2, of the bill, although some expenses incidental to their activities will probably be so paid. In the case of civilian employees, salaries and expenses will be paid out of the \$100,000,000 request.

**Question No. 76:** Will the military supplies be provided from existing war surpluses, or will war surpluses be provided in addition to those purchased by the new loan?

**Answer:** Existing stocks of United States military supplies and equipment will be used under these programs whenever desirable. Such deliveries would be counted as part of the assistance to be rendered under the proposed bill, although this would not apply to purchases of war surplus made by the Greek or Turkish Governments under surplus credits made in accordance with existing legislation.

**Question No. 77:** Will the United States furnish planes in Greece and Turkey, and all the modern weapons of war?

**Answer:** Exact determination of the needs of the Greek and Turkish armed forces has not yet been made. There will be one of the functions of the small military missions which it is proposed to send to these countries. Since one of the purposes of the American mission is to improve the effectiveness of the security forces of the two countries in meeting their respective problems, it is expected that the United States will furnish such modern weapons as may be found necessary and appropriate in each case.

**Question No. 78:** Will the United States fleet be constantly maintained in the Mediterranean? Do acts of the entire constitute belligerence, inviting retaliation?

**Answer:** In a public statement on September 30, 1940, Secretary of the Navy-Permittal said that it was planned to maintain a squadron of

American naval vessels in the Mediterranean to support the Allied occupation forces in Europe and to protect United States interests in that area. He pointed out the benefits to the Navy, from the point of view of training and morale, obtained from such operations in foreign waters and the opportunities they offer to promote good-will and better understanding with the peoples of the Mediterranean. In his testimony before the committee, on March 24, Secretary Foran stated that the Spanish fleet in the Mediterranean normally consists of four frigates and eight or nine destroyers, in which other vessels are occasionally added for training purposes.

The presence of naval vessels in foreign waters is not regarded in international practice as having any inherent or inherently character. On the contrary, visits of naval vessels to foreign ports are generally regarded as being in the nature of good-will calls. It is customary to obtain the advance agreement of the country to be visited, and this practice is followed by the United States.

Maritime nations have for centuries been in the habit of sending their naval ships on training and service cruises in all parts of the world. In the past, as at present, the United States has had squadrons stationed in Asiatic and Mediterranean waters. Cruises to Northern Europe, South America, Africa, and other seas have been commonplace in the practice life of the Navy.

**Question No. 75:** How many experts will be sent to Greece and for what specific purpose? Are any names available?

**Answer:** The question appears to overlap with question 19. In reply to question 19 reference was made to Mr. Clayton's statement, on March 24, 1947, before the House Foreign Affairs Committee, in which he said:

"It will be necessary to send a civilian mission to Greece to administer the Government's interest in the program. We cannot now say what the size of such a mission would be, or how it would be organized; these questions are still under study."

According to present estimates an initial mission of 25 to 30 persons would be required, to be increased when, as, and if more people are necessary to do the job. The Department will keep the Congress informed of its recommendations as soon as they are prepared.

**Question No. 80:** Will the British Government relinquish any of her claims to oil interests or controlled trade in the Middle East in return for our contribution for her role in Greece?

**Answer:** The proposed aid to Greece is not for the benefit of the Government of Great Britain. Its objectives would be to enable Greece to exist as an independent, self-supporting, and economically sound state, to promote a civil peace, and to safeguard the security of the United States. There is, therefore, no reason for the Government of the United States to bargain with the Government of Great Britain or any other third government, before extending aid to Greece of the kind proposed.

**Question No. 81:** Are the guerrillas we now supply in Greece armed with American war weapons previously provided by us? Did these guerrillas fight the Germans during the recent war with these same weapons?

**Answer:** Few of the weapons now in the hands of the guerrillas are of United States origin. They are a mixture from many sources. During the war, arms were smuggled into Greece and other zones in the Balkan Peninsula for use by resistance movements against the Germans. It is quite evident that many of these still remain in the hands of Greek guerrillas. According to the terms of the Varkiza agreement of February 1945, all arms in the possession of Greek resistance groups were to be turned in to the Government. However, many were evidently hidden away and are now being used by the guerrillas in addition to others subsequently smuggled into the country.

**Question No. 82:** Why not send relief to the starving people in Greece through the International Red Cross?

**Answer:** The International Red Cross is composed entirely of State citizens and its function is to safeguard the provisions of the Treaty of Varkiza having to do with the care of prisoners of war and the sick and wounded in time of war.

**Question No. 83:** What financial commitments have already been made to European nations? What expenditures have been made in fulfillment of these commitments, and what additional commitments are contemplated?

**Answer:** Aside from the British loan, the United States Government had made commitments of \$5,000,000,000 to European countries through Ex-

port-Import Bank loans, Maritime Commission credits, and credits granted in connection with sales of war surplus by OFLC and the War Assets Administration. Of this amount, \$1,942,000,000 has been expended. Additional credits aggregating \$152,000,000 are under consideration.

United States financial assistance to European countries

(in millions)

Agency	Credits authorized	Amounts spent	Unexpended credits available for expenditure
Export-Import Bank	\$1,000,000	\$1,000,000	\$0,000
Maritime Commission	100,000	100,000	0,000
War Assets Administration	100,000	100,000	0,000
War Relocation Authority	100,000	100,000	0,000
<b>Total</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>0,000</b>

1 This financial statement does not include payments made by the U.S. Government.

2 The amount shown is for France.

3 Detailed breakdown by country is given in Appendices A to D.

Table A (Question 20).—Export-Import Bank (as of Feb. 28, 1947)

(in millions)

	Credits authorized	Amounts spent	Credits under consideration
France	\$100,000	\$100,000	\$0,000
United Kingdom	100,000	100,000	0,000
Canada	100,000	100,000	0,000
Italy	100,000	100,000	0,000
Japan	100,000	100,000	0,000
China	100,000	100,000	0,000
India	100,000	100,000	0,000
Philippines	100,000	100,000	0,000
Thailand	100,000	100,000	0,000
Malaya	100,000	100,000	0,000
Sumatra	100,000	100,000	0,000
Java	100,000	100,000	0,000
Formosa	100,000	100,000	0,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0,000</b>

Table C (Question 21).—War surplus sales by OFLC on credit to European countries (as of Mar. 31, 1947)

(in millions of dollars)

	Credits authorized	Amounts spent	Credits under consideration
France	\$100,000	\$100,000	\$0,000
United Kingdom	100,000	100,000	0,000
Canada	100,000	100,000	0,000
Italy	100,000	100,000	0,000
Japan	100,000	100,000	0,000
China	100,000	100,000	0,000
India	100,000	100,000	0,000
Philippines	100,000	100,000	0,000
Thailand	100,000	100,000	0,000
Malaya	100,000	100,000	0,000
Sumatra	100,000	100,000	0,000
Java	100,000	100,000	0,000
Formosa	100,000	100,000	0,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0,000</b>

1 Amounts shown are sales on credit under temporary authority of the U.S. Government.

2 Amounts shown are sales on credit.

Question No. 21: What financial commitments have already been made to Middle Eastern nations? What expenditures have been made in fulfillment of these commitments, and what additional commitments are contemplated?

Answer: The United States has granted credits of \$25,000,000 to countries in the Middle East through February 1947, of which \$21,000,000 has been spent. Additional credits under consideration amount to \$21,400,000.

United States financial assistance to Middle East nations

(in millions)

	Credits authorized	Amounts spent	Credits under consideration
France	\$100,000	\$100,000	\$0,000
United Kingdom	100,000	100,000	0,000
Canada	100,000	100,000	0,000
Italy	100,000	100,000	0,000
Japan	100,000	100,000	0,000
China	100,000	100,000	0,000
India	100,000	100,000	0,000
Philippines	100,000	100,000	0,000
Thailand	100,000	100,000	0,000
Malaya	100,000	100,000	0,000
Sumatra	100,000	100,000	0,000
Java	100,000	100,000	0,000
Formosa	100,000	100,000	0,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0,000</b>

1 Of the credits authorized, \$10,000,000 is for Turkey and \$15,000,000 for Middle East.

2 Amounts shown are for Turkey.

3 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

4 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

5 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

6 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

7 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

8 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

9 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

10 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

11 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

12 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

13 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

14 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

15 The U.S. has not yet made a commitment to Turkey and \$10,000,000 is for Turkey.

*Question No. 25: What steps are being taken to convince the Soviet Union that our policy is not aimed at construction of an encirclement of Russia?*

*Answer:* There is nothing secret about our proposed policy. It has been fully set forth in the President's message and published throughout the world. We do not consider that there is any ground for construing our policy as being aimed at the encirclement of any country and we believe that the speedy carrying out of the proposed action along the lines set forth by the President will be the best evidence that our objectives are solely those stated by the President.

*Question No. 26: Is the figure of \$200,000,000 suggested for Greek aid an estimate for a fiscal year, or merely an initial estimate based on the intention of seeking additional funds at periodic intervals?*

*Answer:* The figure proposed for Greek aid is \$200,000,000 which is an estimate for the period March 31, 1947, through June 30, 1948, that is for the last quarter of fiscal 1947 and for the entire 1948 fiscal year.

*Question No. 27: What guarantees are being sought from the Greek Government concerning political freedom in Greece?*

*Answer:* This Government is not proposing any special guarantees from the Greek Government concerning political freedom in Greece. The existing constitution and laws of Greece contain provisions guaranteeing these freedoms. Greece's problems do not arise from lack of constitutional guarantees but from disturbed conditions which impede the operation of constitutional government. It is anticipated our assistance will be instrumental in stabilizing the political as well as the economic situation and that will assure the Greek people the full freedom to conduct their own affairs which they have traditionally enjoyed. It is to be noted that the Greek Government has already announced its intention to hold new elections in the near future.

*Question No. 28: Does the United States Government or any corporation within the United States, with the approval of the State Department, have any agreement with any foreign government or corporation with that foreign government, with respect to the control or division of oil in the Near*

*and Middle East, with special reference to the so-called "red line" agreement? If so, what are those agreements?*

*Answer:* Neither the United States Government nor any corporation within the United States, with the approval of the Department of State, has any agreement with any foreign government or corporation with that foreign government, with respect to the control or division of oil in the Near and Middle East.

Following World War I diplomatic negotiations involving Middle East countries were primarily concerned with the application of the open-door principle to the disposition of concessions in the mandated territories of what was formerly the Ottoman Empire. Following these negotiations certain concessions in those mandated territories were offered to American companies. Certain American companies took advantage of the offer made to them. The terms under which they participated in these concessions were considered by the Government of the United States to be matters of a commercial character. The United States Government did not participate in any way in the drafting of the group agreements which resulted, nor in any negotiations among the private parties by means of which the group agreement was consummated.

The companies participating in the Iraq Petroleum Co. (which include, as a 25.75 percent interest, a joint subsidiary of New Jersey and Standard Oil of New York) are signatories of the group agreement or inter-company agreement of 1928. This agreement is a complicated document setting forth the various rights, interests, and obligations of the constituent companies of the Iraq Petroleum Co. It includes, among other things, the so-called "restrictive clauses" or self-denying edicts which are commonly referred to as the "red line" agreement. These clauses stipulate that the constituent companies shall not separately seek oil rights or concessions or purchase oil in a defined area, the extent of which was indicated by a red line drawn on a map attached to the original contract. The area so defined was substantially identical with the Ottoman Empire of the pre-World War I period. It included Turkey, Iraq, the Levant States, and all of the Arabian peninsula including the adjacent islands of the Bahrain archipelago; it excluded Kuwait and Iran.

Recently the American element in the Iraq Petroleum Co. was advised by counsel that the group agreement is no longer valid. The American companies thereupon informed their partners in the Iraq Petroleum Co. that they were willing to negotiate a new group agreement without the restrictive clauses. The French company in the Iraq Petroleum Co. (Compagnie Française des Pétroles) refused to accept opinion of counsel as to the validity of the old group agreement and brought the issue to litigation in the British courts. Simultaneously, discussions are proceeding in London among the Iraq Petroleum Co. partners in an effort to arrive at a negotiated settlement and at a satisfactory new group agreement.

The Anglo-Iranian Oil Co. and the Gulf Oil Corp., which jointly and equally own the Kuwait Oil Co. (which in turn holds a concession over the entire territory of Kuwait), agreed between themselves, in what is known as the Kuwait inter-company agreement, that neither party would market its share of Kuwait oil in an area in which the other party had an established market position. While this agreement, with the above-mentioned article, is still in force it is not believed that this so-called "marketing clause" is in fact operative at the present time as will be hereafter.

**Question No. 89:** Was any agreement or understanding reached at Talks at Potsdam, or at any other meeting between the United States, Great Britain, and Russia, under which Greece and Turkey were recognized as being within the British "sphere of influence"? Were any other "spheres of influence" established by the Big Three?

**Answer:** The United States is not and has not been a party to any sphere-of-influence agreement. During the war the British and American Governments agreed that the Eastern Mediterranean would be an area in which the British would carry the primary military responsibility for operations against the common enemy, although the United States did furnish a considerable quantity of supplies for these operations. This was a purely military arrangement and in no sense an agreement upon spheres of influence.

**Question No. 90:** What are the British commitments in Greece? Which of these do they give up on March 31st? If a British military force remains

in Greece, what, if any, obligations have we to support it?

**Answer:** So far as this Government knows, the British Government has no binding commitments in Greece other than an obligation to furnish certain financial assistance up to March 31, 1947.

The United States would have no obligation to support any British force which might remain in Greece.

**Question No. 91:** The President has asked \$350,000,000 for relief. Mr. Hoover has also reported on suggested relief plans. Will any of this be used in Greece and Turkey? How much more, if any, is asked in the present budget for food or relief to any foreign people?

**Answer:** The joint resolution on relief in 1947, recently reported out by the House Foreign Affairs Committee, includes a program of relief assistance to Greece within its proposed figure of \$350,000,000. The specific amount for Greece is not detailed as yet and will vary according to the need and available supplies and funds during the calendar year 1947. It is estimated that the bare relief needs of Greece in 1947 are in the neighborhood of \$50,000,000 to \$60,000,000. Such amount of this cannot be supplied from sources other than the United States would be furnished from the \$350,000,000 appropriation. No amount for Turkey is included.

In addition to the \$350,000,000, the War Department has requested appropriations of \$1,000,000,000 for relief in occupied countries, and \$75,000,000 has been requested as our contribution to the International Refugee Organization.

**Question No. 92:** Specifically, how far does the Government expect to go in the matter of the proposed military missions to Greece and Turkey? Will they be purely advisory staffs, or will the plan involve a substantial force for polling the population?

**Answer:** It is anticipated that any military missions to Greece or Turkey will be purely advisory. It is impossible to say at this time how many men may be involved but it is expected that the number will be small. Secretary Patterson, in his testimony before the committee on March 14, estimated that the military section of the mission to Greece would probably number between 30 and 40 men.

**Question No. 25:** Does any agreement exist with the British Government with reference to the implementation of the proposed plan of assistance to Greece and Turkey, or will the United States be free to act in the interest of the Greek and Turkish people as a protector of its own interests and obligations without being in a position of submitting its plans to another government?

**Answer:** There is no agreement with the British Government with reference to the implementation of the proposed plan of assistance to Greece and Turkey. The United States is free to act in agreement with the Greek and Turkish Governments, respectively.

**Question No. 26:** In the opinion of the State Department, what is the basic justification for the steps that are contemplated under the Greek agreement? Are they, in the opinion of the State Department, basically preventive steps against war, and, if so, how?

**Answer:** It is the considered view of the Department of State that the measures of assistance to Greece proposed in the pending bill are designed to arrest and reverse a steady economic and political deterioration which, if unchecked, would probably lead to the overthrow of the Greek constitutional regime against the wishes of the great majority of the Greek people and the eventual loss of Greek independence. Such a development, as was pointed out by Secretary Acheson in his testimony before the committee, would have most serious effects upon the situation in Turkey and other countries in the Mediterranean and Near East. The result would be a situation of fear, instability, and general disturbance which habitually produces international friction. On the other hand, the successful execution of the proposed American program would not only preserve the freedom and restore the well-being of the Greek people but would also reassure and encourage all other peoples who are striving to achieve or maintain their own freedom and stability. Thus, the basis of international peace and the foundations of the United Nations could be strengthened.

**Question No. 27:** In view of the critical situation in the Near East, cannot pressure be brought to bear on the representatives of the various governments in the United Nations to bring about the more immediate creation of an international police

force under the United Nations jurisdiction, and the handling by the Council of situations like that presented in Greece?

**Answer:** Every effort has been and is being exerted by the United States Government to bring about the earliest possible conclusion of the agreements contemplated in Article 43 of the Charter by which members of the United Nations would make available to the Security Council the well armed forces, assistance, and facilities necessary for the purpose of maintaining international peace and security. Other members have joined with the United States in this effort, as evidenced by the inclusion in a resolution unanimously adopted by the General Assembly on December 14, 1946, of a recommendation that the Security Council "accelerate as much as possible" the conclusion of these agreements. Subsequently, the Security Council adopted on February 18, 1947, a resolution requesting the Military Staff Committee to submit to it "as soon as possible and as a matter of urgency" the recommendations previously requested in relation to this matter and to submit by April 30, 1947, recommendations as to the basic principles which should govern the organization of the United Nations force.

The disappointingly slow progress which took place during 1946 in this difficult and intricate unexplored field of international cooperation and the obstacles encountered are described in the section dealing with the Military Staff Committee of the President's report to the Congress on the activities of the United Nations and the United States participation therein for the year 1946. Since the end of the year the pace has, however, accelerated considerably.

The United States will not relax its efforts to bring about the earliest possible conclusion of these agreements and the earliest possible adoption of general plans and procedures for the use of the force. It is not yet possible to predict the date at which any of these agreements will be concluded. Any decision under the Charter for the use of armed forces, even when Article 43 agreements have been concluded, will require unanimity among the five permanent members—the United States, China, France, United Kingdom, and the Union of Soviet Socialist Republics.

The second part of this question raises the problem whether pressure can be brought to bear on the

representatives of the various governments in the United Nations "to bring about the handling by the Council of a situation like that presented in Greece". A most recent aspect of the Greek situation has been for some time the disturbed condition prevailing on the northern border of Greece. It was due to the initiative of the United States that the Security Council appointed an investigation commission, which at the present time is completing its on-the-spot inquiry and is scheduled to report to the Security Council in April.

After the commission has made its findings and recommendations, a number of courses of action will be opened to the Security Council. The United States will favor a comprehensive program to be recommended by the Security Council for the purpose of averting repetition of the present disturbances and for eliminating the causes of friction between the feuding states concerned. Prior to receipt of the commission's report it is, of course, impossible to determine the detailed form that recommendations by the Security Council should take.

Generally, in situations like that presented in Greece, the Security Council has ample authority, if it finds that the conditions endanger international peace and security, to recommend to the parties a variety of methods or terms of peaceful settlement appropriate to the particular controversy. In case the Security Council should find that the conditions constitute a threat to the peace, a breach of the peace, or that an act of aggression has occurred, it may decide upon a variety of measures against the aggressor, such as the complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations with such country. However, when emergency economic assistance is needed, such as in the present Greek crisis, the United Nations does not have at this stage of its development either funds or materials at its disposal with which to alleviate the situation.

As Mr. Acheson has pointed out in reply to question 1, even if some organ of the United Nations should decide to recommend assistance to Greece and Turkey, it would have eventually to turn primarily to the United States for funds and supplies and technical assistance. Furthermore, even if the project were not blocked by the objections of our

own members of the United Nations, much time would have been lost, and time is of the essence.

**Question No. 16:** Has there been any understanding, oral or otherwise, with the Greeks that we would furnish other than advisory aid in military matters if it became necessary, that is, that we would actually use troops if circumstances seemed to require it?

**Answer:** There has been no understanding of any nature to this effect.

**Question No. 17:** Have we made any understanding, oral or otherwise, that we would lend economic, military, or other assistance to any Near Eastern country other than Greece or Turkey, such as Palestine, Iraq, Trans-Jordan, or nearby lands?

**Answer:** The United States has no intention to lend economic, military, or other assistance to any Near Eastern country other than Greece or Turkey, except such assistance as might be extended through the Export-Import Bank, or other American governmental agencies, under existing legislation. In this connection it should be mentioned that the Government of the United States is planning to sell to Iran, at the request of the Government of Iran, a limited quantity of military supplies out of American Army surplus equipment for the use of Iran in preserving internal order.

In making the above statement it should be borne in mind, of course, that the United States has certain obligations to all members of the United Nations under the Charter of the United Nations.

**Question No. 18:** In view of the fact that Britain has stated that she could no longer maintain a military force in Greece, has she made similar statements in relation to any other Near Eastern territory?

**Answer:** Great Britain has not stated that she could no longer maintain military forces in Greece. She has stated that she finds it necessary to discontinue assistance to Greece in the form of financial aid and military supplies.

The British Government has made it clear over and over the heading of British forces in Greece that these forces would remain in Greece for only a limited period of time. The British Government has also indicated that it intends to withdraw such

British forces as remain in Greece from that country is the sour factor. The British Government has not, however, stated that the primary reason for the withdrawal of those troops is of a financial nature.

*Question No. 29:* What are the costs of British maintenance of military establishments in the Near Eastern territory. Since the termination of the war, however, Great Britain has been steadily reducing the number of her armed forces stationed in the Near East.

*Answer:* The Department of State has no information regarding the costs of maintenance of British military establishments in the Near East.

*Question No. 30:* In our loan to Turkey, are there not more vital materials that she could pay us with?

*Answer:* This question appears to overlap with questions 23 and 24, because repayment in materials, which can be sold in world markets, would be the equivalent to monetary repayment and would therefore reduce the amount of foreign exchange available to meet Turkey's future requirements in the same way that a monetary payment would reduce the amount of such exchange.

As stated in the reply to question 24, it is not believed wise or practical to attempt to determine at this time whether and to what extent repayment may be feasible.

*Question No. 31:* To what extent does the Department of State contemplate informing the United Nations of step-by-step developments in Greece should Congress authorize the President to take the steps he has proposed?

*Answer:* If the Congress approves the legislation requested by the President to provide aid to Greece and Turkey, it is expected that agreements will follow between the Government of the United States and the Governments of Greece and Turkey as to the manner in which such aid should be furnished. The Department of State expects to transmit copies of such agreements to the United Nations as required by paragraph 1 of article 103 of the Charter. The Department would desire,

of course, to keep the United Nations currently informed as the implementation of the United States program pertaining to Greece whenever the responsibilities and functions of the United Nations and its related agencies are concerned.

If at any point in the proceedings of the Security Council which is now dealing with border disturbances in Greece, or in the proceedings of any other United Nations organ or agency it appears desirable or necessary for specific information to be furnished on the proposed aid to Greece and Turkey, the United States representative in such organ or agency will make available the relevant facts. Senator Austin made a full statement on the United States program relating to Greece and Turkey at the meeting of the Security Council on March 21.

It also should be noted that the consideration which the United States is now giving to the provision of aid to Greece and Turkey is a public consideration, with the more information thereby made available alike to the American public and to the world. The proposed legislation requires a report every 30 days which will likewise be a matter of public knowledge.

*Question No. 32:* What bearing upon the situation does the recent report of the FAO have?

*Answer:* The FAO report deals for the most part with longer term aspects of Greek economic reconstruction and recovery. It also contains many helpful recommendations to the Greek Government, particularly in the field of agriculture, which could be put into immediate effect.

Before international financial institutions can make available to Greece the reconstruction funds recommended by the report, there will be a period during which Greece must receive emergency aid. The report recommends that the Greek Government apply to the United States Government as well as to the United Nations and the United Kingdom for assistance for the collection of essential imports. The Government of the United Kingdom has stated that it cannot furnish material help after March 31, 1947. The Economic and Social Council of the United Nations is an advisory body without funds. Greece's action, therefore, is applying for aid to the United States in accordance with the advice of the report.

Undoubtedly, the Greek Government will endeavor to put into effect as soon as possible those



portions of the report which are susceptible of immediate application. The report, therefore, will be most helpful to that Government and to any American advisers who may be in Greece in the immediate future.

For the long-term reconstruction in Greece the report recommends that Greece apply to the International Bank for Reconstruction and Development for loans of at least \$100,000,000. As has been previously pointed out, the Greek Government has already notified the bank of its intention to apply for financial assistance on longer term projects. The FAO report will be of help to the Greek Government in preparing its application. The report does not state, nor is it a fact, that such a loan by the International Bank is designed to meet or will meet the present emergency.

The FAO reports also suggest that the Greek Government should request the Economic and Social Council of the United Nations to sponsor a United Nations advisory mission to Greece. Once the present emergency situation has been dealt with, such a mission might be of great value in assisting the Greek Government in a long-term program of reconstruction and development.

**Question No. 103.** In the opinion of the State Department, did the result of the Greek election represent the wishes of the majority of the Greek people? If that is true, is it possible to form a coalition government in Greece composed of both leftists and rightists? If such a government is formed at the instigation of the United States, would it have the support of the Greek people in view of the election?

**Answer:** In the report of the Allied Mission to Observe the Greek Elections of March 31, 1946, it is stated that—

"The Mission found that the proceedings of election day were orderly and satisfactory. The registration lists in large areas contained irregularities but there was no significant amount of illegal voting. Intimidation existed, in some degree, from both extremes and was even on occasion given countenance by members of the gendarmerie but it was not extensive enough to affect seriously the election. The practice of deliberate absenteeism did not reach large proportions.

"The Mission therefore concluded that notwithstanding the present intensity of political con-

dition in Greece, conditions were such as to warrant the holding of elections, that the election proceedings were on the whole free and fair, and that the general outcome represented a true and valid verdict of the Greek people."

The Department of State concurs in this judgment.

With respect to the second and third questions concerning the possibility of forming a coalition government in Greece, the Mission observing the elections found that—

"Practically all of the parties of the Left and three of the minor parties of the Center instructed their followers not to vote in the election. . . . The Mission estimates that the total abstention for party reasons was 250,000, that is 15 percent of the valid registrants."

From the foregoing it will be seen that in terms of Greek politics, parties of the Left, which the Mission found to represent about 15 percent of the valid registrants, are not represented in the Parliament. They therefore cannot form part of the coalition government within the terms of the constitution. However, the present Greek Government is a coalition government, representing 45 percent of the electorate. It is noted that the Government has announced its intention to hold new elections in the near future.

**Question No. 104:** Did Secretary Byrnes state our Government position and policy in Germany when he was at Stuttgart last September?

**Answer:** In his speech at Stuttgart last September Secretary Byrnes set forth the position and policy of this Government with respect to Germany.

**Question No. 105:** President Truman stated at the joint session of Congress:

"I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

Was there any agreement at Tehran or Yalta which placed Turkey and Greece, as either of them, in the sphere of influence of the United States or Great Britain? Is there anything in either of those agreements which placed China, Korea, Poland, Hungary, or the Balkan States, or any of them, in the Russian sphere of influence, and would the

statement by the President apply to these countries?

*Answer:* The complete texts of the agreements made at Tehran and at Yalta were published in Washington on March 23, 1947. Neither in these documents nor in any others has the United States been a party to the creation of spheres of influence in any part of the world. The answer to the first question and to the first part of the second question is, therefore, in the negative.

In respect of all countries mentioned the United States has repeatedly made clear its support of the right of these peoples to select their own governments in free elections, free from coercion and pressure.

*Question No. 100:* What is contemplated as to policy in the Middle East in relation to petroleum reserves? In Iran? In Iraq? In Saudi Arabia?

*Answer:* It should be clearly understood that our program for assisting Greece and Turkey is not connected with any oil concerns which American companies may have in the Near or Middle East. Our interest is in the preservation of Greece and Turkey as independent, democratic, economically sound states.

The objectives of the foreign policy of the United States, so far as oil is concerned, are of a universal nature. These objectives, as stated in the Anglo-American petroleum agreement now pending before the Senate, may be briefly summarized as follows: That the interests of producing countries be safeguarded with a view to their economic advancement; that valid economic contracts and lawfully acquired rights be respected; that the acquisition of exploration and development rights be governed by the principle of equal opportunity; and that supplies of petroleum be accessible to the nationals of all countries on a competitive and non-discriminatory basis.

*Question No. 107:* What has been the nature and strength of guerrilla operations in Greece? What is the extent of support and direction? Have any Russians been captured in the fighting?

*Answer:* Our information indicates that guerrillas in Greece at the present time number about 15,000. Probably the larger portion of this number are not members of the Communist Party. However, virtually all of their leaders are Communists, and instruction in Communist political

doctrines is regularly given to all units of the bands. Each unit, down to that of the company, has a political committee attached to it.

Our information also indicates that there are two classes of guerrillas in Greece. One is composed of Greek Communist Party members and those who have affiliated themselves with them. This group appears to be controlled by the central authority of the Greek Communist Party (KKE) whose headquarters are in Athens. KKE receives instructions and support from outside Greece. The second class is composed of members of NOF (the "National Liberation Front" of Slav-speaking Greeks living in Greek Macedonia). NOF is in turn an affiliate or subsidiary of SNOF, which is the Yugoslav-Macedonian "front" organization. The headquarters of SNOF are in Skopje in Southern Yugoslavia, and the NOF bands in Greece are clearly directed and to some extent supplied from that point.

Our information further indicates that NOF and KKE bands are under a single direction so far as their over-all plans of operation are concerned. However, their ultimate objectives are not the same, since NOF aims at separating Greek Macedonia from the rest of Greece and incorporating it into the Yugoslav Federated Macedonian Republic; whereas KKE wishes to maintain the unity of Greece and establish a Communist regime throughout the country. For the present the two factions have submerged their differences and are working closely together.

Little or no evidence has been obtained that the guerrilla bands are composed of any but Greek nationals, although many of their have received training and supplies in neighboring countries. So far as the Department is aware, no Russians have ever been identified as members of the guerrilla bands.

*Question No. 101:* What is the extent of Britain's commitments to Turkey?

*Answer:* Other than certain credits previously extended but not yet used up, Great Britain has no present financial commitments to Turkey. Britain had, however, contemplated the supply to Turkey of substantial quantities of military equipment, and the Turkish Government is understood to have been awaiting upon this assistance. The

British have now stated that they will be unable to go ahead with this tentative program.

In the political field, Great Britain is a party to the Anglo-French-Turkish treaty of mutual assistance of October 18, 1939. Britain is therefore committed to assist Turkey under certain conditions in case of aggressive war in the Mediterranean region.

*Question No. 107: How do the Greek and Turkish Governments expect to effect a transformation of their deficit economy to a balanced or surplus economy in any foreseeable future?*

*Answer:* One of the main purposes of the Greek program is to provide economic rehabilitation and reconstruction to an amount that will be adequate to serve as a basis on which further economic recovery could take place to correct her present deficit position. The Turkish economy has not been and is not now a deficit economy. It is believed, however, that if Turkey were required to finance the modernization of her military forces out of her own resources that her economy would become a deficit economy.

*Question No. 110: What percentage of the \$100,000,000 Britain spent in Greece last year went in way into permanent economic rehabilitation? What percentage went into military activities? What percentage went into relief?*

*Answer:* It is our understanding that British assistance to Greece last year for purposes such as

currency stabilization and purchase of essential goods and equipment which may be deemed to contribute to the permanent economic rehabilitation of Greece, constituted approximately 42 percent of total British aid in 1948. Relief extended indirectly through the British contribution to UNRRA, amounted for about 13 percent of total British aid. Assistance to the Greek armed forces represented roughly 45 percent of the total.

*Question No. 111: Why is the proposed program of assistance to Greece and Turkey in the self-interest of the United States?*

*Answer:* Should Greece or Turkey, as a result of our failure to act, find itself in a position where its independence is compromised or should its government be overthrown against the will of the majority of the people, the resulting situation would have profoundly disturbing psychological and political effects on all countries in that region and many nations outside the region. Confusion and disorder might well spread throughout the entire Middle East.

Thus, stability would be disrupted in vital areas of the world; the foundations of the United Nations would be shaken; and the faith of nations in the ability of democracy to maintain itself in the world would be seriously weakened.

It is obviously in the self-interest of the United States to prevent the development of such a situation.

### Total Assistance Program to Foreign Countries

## LETTER FROM ASSISTANT SECRETARY THREE TO REPRESENTATIVE EATON

Department of State,  
Washington, April 11, 1947

THE HONORABLE CHARLES A. EATON,  
Chairman, House Foreign Affairs Com-  
mittee

Mr. DEAN Mr. KATZ: Before he left for Geneva, Mr. Clayton asked me to make available to the House Foreign Affairs Committee the information requested by Mr. Varga at the hearings on aid to Greece and Turkey, held on March 31, 1947. Mr. Varga asked for the best estimate of "what the social assistance program to other nations in addition to Greece and Turkey" would be for the next year. This information I have outlined below as follows:

Table 1: Requests for new funds for the balance of the fiscal year 1947 and for the fiscal year 1948 for the relief of foreign countries.

Table II. Estimated expenditures on behalf of foreign countries in the fiscal year 1945 out of funds previously appropriated and presently requested.

I hope that this information will answer Mr. Turner's inquiry.

## Summary

William L. Turner,  
Executive Director

**TABLE 2.**—Approximations requested for applicants in foreign countries.

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

Company or oil	Number of oil companies, fields, etc., 1961	Revenue from oil, 1961	Total
For U.S.A. oil, Alaska, China, Greece, Hungary, Ind., Iran, Mexico	100	100	100
Special oil in Britain and Turkey which is handled over Germany (Japan, U.S.A.)	100	100	100
Transportation program (Government foreign companies)	100	100	100
Total	100	100	100

© 2006 The Authors  
Journal compilation © 2006 Blackwell Publishing Ltd

Table 11.—Estimated expenditures on behalf of foreign governments

**Abstract**

[illegible]

## Urgency of Action on Proposed Legislation

### MESSAGE FROM THE SECRETARY OF STATE TO THE PRESIDENT FOR TRANSMISSION TO THE SENATE<sup>1</sup>

DEAR SENATOR FRANKLIN:

I understand some question has arisen as to my participation in the Greek-Turkish aid program.

As you know, prior to my departure for Moscow, I participated in the formulation of this program and in the decision to go forward with it. When I reached Paris on March 8, the President telegraphed the proposed text of his message of March 12 and I informed the Department that I fully concurred.

I personally, and for the State Department, attach the highest order of urgency to immediate

passage of the Greek-Turkish aid legislation. In my opinion the program proposed is indispensable and I am in complete accord with the actions taken by Mr. Acheson for the Department and by the Foreign Relations Committee of the Senate, in urging the Congress to pass this legislation.

Faithfully yours,

GEORGE C. MARSHALL

---

<sup>1</sup> Transmitted in telegram from the Secretary of State to Acting Secretary Acheson dated at Moscow, Apr. 26, 1947.

## Report of the American Economic Mission to Greece<sup>1</sup>

### PREFACE

The American Economic Mission was formed and sent to Greece by the Department of State at the request of the Greek Government. Its function was to examine the economic conditions in Greece and determine what outside assistance the country would need in attaining recovery and reconstruction and how the Greek Government could make the most effective use of the country's own resources for these purposes.

The Mission was in Greece from January 14 to March 23, 1947, and during that time visited almost every section of the country. Farmers, Government officials, factory workers, businessmen, economists, engineers, and hundreds of other people and organizations were consulted by the Mission in its travels and investigations. While time did not permit an exhaustive study of any one phase of the economy, almost every phase was examined at least in some extent.

The Mission consisted of the following people:

Ambassador Paul A. Porter, Chief  
Louis L. Reed, Executive Secretary  
Eugene Allen, Counselor  
Dillon Goodheart, Finance  
William M. Hastings, Economics  
Francis F. Lippin, "  
John D. Flork, Engineering  
Fried Wadden, Agriculture  
Dorothy L. Page, Secretary  
Ellen F. Brown, "  
Merry Nicholson, "

<sup>1</sup> The Department of State released to the press on Apr. 30, 1947, the summary and recommendations of the American Economic Mission to Greece.

The complete report consists of a summary and recommendations, chapters on public finance, currency, banking and credit, international commercial and financial relations, Government administration, price, rent and wage controls, reconstruction and development, industry and mines, agriculture, food and fishing, shipping, and foreign aid since liberation; and appendices.

### SUMMARY

The people of Greece have an opportunity to move forward to an era of reconstruction and internal peace. Alternatively if the present policies of drift and expediency are continued, they will result in economic disaster to all her people and perhaps forfeit for a generation Greece's chance to rebuild and to establish a stable economy. The American Economic Mission to Greece has attempted to discover what foreign aid is needed and what internal economic and administrative measures must be employed if Greece is to move forward.

We have examined problems of governmental organization, budget expenditures and revenues, export potentialities and import requirements, monetary and credit policies, reconstruction and development, and many other related matters. Our analysis of the economic aspects has not been easy; they are closely related to and substantially affected by political, military, and psychological considerations. From an intensive study of Greece's current problems and a survey of her future potentialities, we have reached conclusions as to how the economy can be placed on a reasonably self-sustaining basis.

First, however, it seems appropriate to consider certain broad factors which have operated as pre-ventatives to economic progress since liberation. There is the inescapable conclusion that in spite of \$700 million in foreign assistance, Greece during the past two years has barely managed to survive. There are shortages, of course, but, in general, economic conditions have improved but little over those prevailing at the time when the Axis forces were expelled from the country.

Rather internal strife and the rapid rate of turnover of the Governments have created a climate of uncertainty and instability that has prevented any rational planning. Since the war, there have been

seven changes in the Greek Government. No government has been able to develop an effective economic policy and to inaugurate necessary controls. These controls which have been attempted have failed as a result of various crises, among which is the lack of effective Government machinery for impartial administration. Partly because of these failures, private capital, instead of devoting itself to reconstruction and development, has been preoccupied with schemes to hedge its bets outside the Greek economy.

The security situation has had a direct effect upon the economy. Not only has this discouraged the desirable repatriation from abroad of sizable amounts of private Greek capital, but the civil strife of December 1944 stimulated social and political tensions of such bitterness and intensity that the masses of the Greek people have from that time lived in a perpetual state of fear. The succeeding Governments have not been successful in ameliorating this situation and hence there is lacking the national unity which is so clearly a prerequisite to a program of economic reform and recovery. Operations of organized bands of guerrillas and fear of invasion from the North have resulted in the maintenance of military and police forces numbering in the neighborhood of 150,000. This has been a tremendous drain upon the resources of the country and the primary cause of the budget deficit, even though the foreign exchange requirements for military expenditures have thus far been met by the British. Greece has such limited resources that the cannot maintain along several fronts of their present aims.

The psychology of certain elements in Greece has operated as a serious impediment to recovery. There has been a sense of helplessness, and in some quarters a feeling that because Greece suffered so much during the war, it is now entitled to the care of its richer Allies. There is the widely held view that external factors in Greek problems are so large that individual efforts are futile. The lack of confidence among Government officials and the people in the ability of Greece to solve itself financially and the belief that it must depend on aid from abroad have contributed to an appalling inertia. In this unhealthy psychological state, Greece simply has not been able to apply to its own problems the determination and resolute ac-

tion essential if this is to meet the critical needs of the new form.

There exists a wide disparity in the living standards and income throughout all Greece. Profiteers—that is traders, speculators, and black marketeers—draw in wealth and luxury, a problem with which no government has effectively dealt. At the same time, the masses of people live on a bare subsistence. The profiteers are relatively few in number and their aggregate wealth, if divided up among the population, would affect little improvement of general living conditions; nevertheless, their inhuman manner of living in the midst of poverty serves to embitter the masses and to underline the hardships of the poor. There is a vast amount of concealed unemployment with some 30 percent of the population employed by or partially dependent upon the state. The substandard levels of existence of the civil servants, indigents, pensioners, and other dependents is an important contributory factor to the political and social tensions which characterize Greece today. Since liberation no effective measures have been taken to provide useful work for the unemployed among this large group of the population.

Foreign observers in Greece generally agree that the past two years have failed to register a program toward stable recovery commensurate with the foreign aid given. The time bought by UNRRA relief, by the free sale of gold, and by other devices of expediency has not been utilized. The various Greek Governments, lacking in strength, have been able to accomplish little. UNRRA, under its mandate to avoid interference in internal affairs, was not always successful in prevailing upon uncertain and hesitating officials to program more effectively the distribution of relief and reconstruction supplies. The British Economic Mission, operating under the terms of the London agreement of January 1946, was similarly unsuccessful. The Currency Committee, operating under the authority of Greek law, has performed a useful function during the past year, but there is a basis for the conclusion that its earlier policies were of such a conservative and rigid character that reconstruction and development were actually inhibited.

Thus, two and one half years after the liberation, Greece finds herself on a dead center in spite of substantial foreign aid and competent foreign

advice. The Mission has sought to analyze the causes of the failure of recovery programs to get under way so that the mistakes of the past can, if possible, be avoided, and so that the assistance forthcoming from the United States will not simply be used to compound previous errors.

Internal pacification and resolution of the border disputes are the two most important needs in Greek recovery. It is obvious that the existing state of wide spread violence affords no reasonable climate for economic development.

It is hoped that the United Nations Commission which was investigating the troubles on Greece's northern borders while the Mission was studying the Greek economy will be able to recommend means of eliminating at least a part of this problem. With this settlement should also come an effort on the part of those opposing political elements in Greece interested in the maintenance of Greek independence to suppress their differences and work for the common benefit of the country. Until the internal political tensions are relieved, Greece's economy cannot revive.

The Mission has concluded causes of moving the principal economic difficulties of the country. This involves placing on a well-considering basis an economy which has always been weak. Greece has a total area of approximately 140,000 square miles. Of this, less than 20 percent is arable. The standard of living for the vast majority of its 7,400,000 population has always been dangerously low even though there has been foreign borrowing. National income, measured by Western standards, has always been low—less of the lowest in all Europe. Industrial development was only beginning to become a significant factor in the late 1920's, and at its peak term in the country only a fraction of the importance of the country's primitive agriculture.

Greece today faces a desperate economic crisis—one that she cannot meet alone. Even considering UNRRA goods undistributed or left in the pipe line and goods to be provided under the post-UNRRA relief program, there will be wide spread suffering unless substantial foreign assistance is forthcoming. The dimensions of this current crisis can best be shown by the following facts:

(1) The tentative estimated Greek budget, including the expanded military establishment, indicates a deficit of \$220 million for 1947, or about

three times the amount of currency now in circulation.

(2) reserves of unconverted foreign exchange by the end of 1946 were too meager to finance in part of Greece's minimum needs, necessitating a severe restriction of basic imports in the absence of immediate outside assistance;

(3) pressure on the retail price level increases and further marked increases are indicated unless there are immediate corrective measures;

(4) wage demands are accumulating as a result of the foregoing factors, adding the threat of wage inflation to the prospect of budget inflation.

In short, it appears that in the absence of substantial foreign assistance and the adoption by the Greek Government of strong control measures, another round of extreme inflation with all of its disastrous economic and political consequences is a certainty.

It is, therefore, apparent that there exists a need for immediate steps if inflation is to be prevented. Recovery and reconstruction in Greece cannot be based upon the present unstable economic foundations. While the Mission's earlier inquiries were directed towards the accomplishment of minimum relief requirements during the post-UNRRA period and on addition the development of measures whereby the Greek economy could make the maximum use of her own resources, the Mission has more recently considered the problem on the assumption that the United States Government would contribute very substantial amounts for the restoration of the economy of Greece, and that American technicians would advise the Greek Government on economic affairs. In this way it is hoped that the first steps can be taken whereby the economy of Greece could be restored to a neutral level in order that the Greek state might recover on a free and independent basis devoted to democratic principles.

For the period from April 1, 1947, to July 1, 1948, it is estimated that a minimum of \$300 million outside assistance in addition to UNRRA, post-UNRRA relief, and surplus-property imports will be required. This estimate represents in the judgment of the Mission the minimum aid which should be provided. When it is considered that during 1946 the total of UNRRA and British military assistance was over \$200 million, the total amount so needed may be too conservative. How-



ever, the Ministry has operated on the assumption that the Greek Government with the concurrence of this amount of support will adopt and enforce economic policies which heretofore either have not been put into effect or having been proclaimed were avoided. In making use of this outside aid and in the development and implementation of sound economic policies, American personnel will be needed. An American military mission should go to Greece.

The economic political and economic conditions have caused producing groups in Greece to lack faith in the strength and stability of their Government and of their economy. The devastation wrought by the war, the civil strife of December 1944, and three successive devaluations of the drachma have obviously further destroyed confidence. Therefore, if the Government of the

United States is going to assure the future of Greece, a continuing program is required. This program should not be limited in concept to a single year. It is emphasized that this program of recovery and restoration should envisage a period of about five years. It is hoped that direct American financial assistance will not be necessary after June 30, 1948, but the program should be continued in any case whether under American auspices or under the United Nations. It is impossible to forecast whether at that time the financial burden can be transferred even to an international agency. The mere declaration of such intention would do much to restore confidence and make easier the adoption of stringent measures that will be necessary to achieve the immediate stability needed for reconstruction and development.

## RECOMMENDATIONS

### I

#### Amount of Aid

*Greece will need foreign financial aid during the next five years because of the destruction of war and her current circumstances. It is recommended that the United States extend immediate financial aid to Greece sufficient to meet her requirements for relief, reconstruction, and military purposes until June 30, 1948.*

The Greek economy will require foreign financial assistance until the burden of the military and public security can be substantially reduced and probably until essential reconstruction has been carried out; the latter may take five years. The amount of aid required after the Greek fiscal year 1947-48 depends, one, on the extent to which foreign financial aid may be deemed to reconstruction at an early date as opposed to military expenditures and, two, on the extent to which the Greek Government contributes to her economic and social effective use of outside aid.

For 1947-48 the largest single item of expense is the military. The current burden of the military, estimated at about \$180 million for the Greek fiscal year 1947-48, would have been far beyond the capacity of the pre-war Greek economy. With a pre-war national income estimated liberally at about \$400 million, or about \$40 per person, even

the pre-war military expenditures of 240 million exerted pressure on the relatively low standard of living. With a 1945 national income considerably less than pre-war in real terms, the cost of the military as currently estimated by the Greek Government is far beyond the capacity of the Greek economy.

The second item of importance is reconstruction. The estimated cost of a five year program of selected reconstruction and development projects is about \$125 million. This program was determined on the basis of minimum requirements and does not purport to indicate the costs of completed reconstruction of public and private property in Greece.

Cost in millions of dollars

	Period	Land	Total
First year	120	12	132
Second year	25	40	65
Third year	32	38	70
Fourth year	25	36	61
Fifth year	23	31	54
	—	—	—
Totals	195	157	352

The sums stated on the table for the first year will have to be supplemented by very large amounts for commitments to be made during this year

After the early months of engineering planning have been completed, these additional moneys will have to be converted for reconstruction equipment and material and in setting up funds for the completion of projects already begun.

The pre-war economy of Greece could probably have financed internally the local costs of this program, but would undoubtedly have required foreign credits to cover the imported cost of equipment. At present, it is clear that for the first year (and possibly two great years for the second year) both the internal and external costs of reconstruction will have to be borne from abroad.

If United States aid, sufficient to meet internal and external costs of the military and of the reconstruction program through June 30, 1916, is forthcoming, the additional objectives of major and immediate purposes can be achieved.

First, since resources of the Greek Government together with other resources already forthcoming are adequate to meet non-military and non-reconstruction expenses, the budget will be in balance. With no increase in the note issue in prospect from a budget deficit, faith in the drachma should be substantially restored, which in turn should promote an increase in business activity, a decrease in hoarding, a tendency for prices to decline and a reduction in wage demands. The balancing of the budget will go far to meet Greece's current economic crisis.

Second, under this program, Greece will be provided with adequate goods sufficient in quantity not only to meet minimum civilian requirements but also to meet the needs of a Greek people engaged in a military and reconstruction effort. In fact, if further serious inflation is to be avoided, it will be necessary to offset internal expenditures for the military and reconstruction with an adequate inflow of consumer goods. This will be made possible because all of the American and remaining alien the money for military supplies and capital equipment for reconstruction will be used either for the foreign purchase of consumer goods or for the purchase of industrial and agricultural supplies which will in turn augment Greek production of consumer goods.

Under the program here described the Greek budget and balance of payments for the Greek fiscal year beginning April 1, 1917, would be roughly as follows:

EXPENDITURE <sup>1</sup>		(Millions of dollars)
1. Military and Public Security		100
2. Reconstruction		10
3. Purchase of Government Distributed supplies		80
4. Other		10
Total		200

REVENUE		(Millions of dollars)
1. Ordinary Taxes		100
2. Miscellaneous Receipts		7
3. Sale of U.S.A.R. and Government Distributed supplies		110
4. Sale of U.S.A.R. Property		20
5. Export Import Bank Credit for Reconstruction		10
6. Interest U.S. Aid <sup>2</sup>		
a. Post U.S.A.R. Relief Bill		80
b. Greek Turkey Aid Bill		100
Total		307

#### BALANCE OF PAYMENTS

Receipts		(Millions of dollars)
1. Imports		100
2. Net remittances		25
3. Allied Property Property Claims		25
4. Export Import Bank Credit		10
5. U.S.A.R.		10
6. Direct U.S. Aid		
a. Post U.S.A.R. Relief Bill		80
b. Greek Turkey Aid Bill		100
Total		250

Payments		(Millions of dollars)
1. Imports for Civilian Purposes		100
2. Reconstruction Equipment		10
3. Supplies for Military		100
Total		210

Due to the uncertainty regarding the future of Greek military expenditures, it is impossible to predict beyond the coming year the extent of the

<sup>1</sup>The order equivalents in budget categories shown here are only approximate, using a conversion rate of 2,000 drachmas per dollar for internal expenditures.

<sup>2</sup>The proposed total aid to Greece is tentatively \$200 million (\$100 million for reconstruction and military aid under the Greek Turkey Aid Bill and \$100 million for relief under the Post U.S.A.R. Bill). The above figure of \$200 million is for the fiscal year period Apr. 1, 1917 to Apr. 1, 1918. At this rate another \$200 million would be expended from Apr. 1, 1918, to July 1, 1918. After the early months of engineering planning and construction organization the remainder of the funds will be used in making arrangements for reconstruction equipment and material and in completing projects already begun.

sign and which Greece will require. It is clear, however, that the amount of reconstruction and military aid required can be substantially reduced if the Greek Government is prepared to mobilize the country's own resources by taking measures

such as those set forth in part II of these recommendations. It is the view that if these measures are to be taken, aid from an American source along the lines stated in part III will be necessary.

## II

### Measures To Be Taken by Greece

*The extending of United States aid to Greece should be accompanied by effective measures by the Greek Government for the utilization of Greek resources for recovery of the country.*

#### A. MEASURES TO INCREASE REVENUES AND REDUCE EXPENDITURES

1. *Revenues.* Ordinary revenues for the Greek fiscal year 1943-44 are estimated in real terms at 55 percent of pre-war. The Greek Government must take affirmative steps to increase its own revenues, including the following:

(a) A study should be instituted as a long-term basis for: (1) eliminating unproductive taxes and simplifying the tax structure; (2) realigning the sources of revenue between the national and local governments.

(b) Income (as ascertained) should be improved by (1) compulsory registration of all commercial enterprises and assessment by them of prescribed accounts for income tax purposes; (2) substantial increases in penalties now imposed for tax violations, including imprisonment for falsification of income tax returns.

(c) There should be a revision upwards on an average of at least 50 percent of present schedules of income tax assessments on professional, commercial and commercial enterprises which are based on estimated ability to pay.

(d) In considering customs and excise tax policies, incentives should be taken to prevent importers from making or retaining excessive profits arising from the present discrepancy between internal and external prices.

(e) The present restrictive commodity taxes on the transportation of goods should be abolished as soon as alternative sources of revenues are found.

2. *Expenditures.* The Greek Government in previous years for 1941-42, called for in the tentative budget estimates, are estimated as real terms at 200 percent of pre-war. While there is unquestionably some exaggeration in the estimation and considerable wasteage of Government funds through inefficient administration, sizable reductions in expenditures can only be achieved by (1) a reduction of military expenditures and (2) a sufficient recovery of the economy to permit the Government to terminate distribution of supplies to the general public at a late and to terminate subsidization of public utilities. As immediate measures designed to reduce expenditures can conserve the use of funds, however, the following steps would achieve results of some significance:

(a) The Government audit and accounting system should be revised, particularly in the Ministry of Supply which is handling state-distributed foodstuffs and other commodities, including UNRRA goods.

(b) The budget should be prepared and announced before the start of each fiscal year and should constitute a real control of Government expenditures. The control of the Minister of Finance over the use of funds appropriated to other ministries must be strengthened.

(c) All "special funds" should be abolished and brought within the regular budget.

(d) The pension and indigent lists should be reviewed, and reduced, and no new names should be added without the approval of the local welfare board.

(e) Demands for wage increases of civil servants and other persons whose salaries are directly or indirectly paid by the Government should be reviewed by a wage board which should be established, and commitments for increased wages should not be made without the approval of the wage board.

#### B. MEASURES TO ACHIEVE AND CONSERVE FOREIGN EARNINGS

Greece's exports have been small since liberation. Loss of Central European markets, unmet-

tion internal political and economic conditions, depreciation of the drachma, and other factors have tended to restrict exports. On the other hand considerable amounts of foreign exchange have been wasted during the past year through importation of luxury goods, through Government sale of gold, and through black market currency operations. A long range solution of Greece's foreign-exchange problem will only be achieved by expansion of Greece's export trade and development of a domestic supply for some of her present import needs. The situation faced now, however, can be moderated by some immediate measures.

1. The exchange rate and the policy on the Government sale and purchase of gold should be reconsidered after consultation with the International Monetary Fund.

2. Efforts should be made to build new markets and to restore the pre-war European market for Greek exports; as to some commodities, notably European grades of tobacco, temporary barrier arrangements should be worked out with countries whose trade does not flow through arbitrary channels.

3. The embargo on export of olive oil should be lifted, exports should be licensed under a program which provides adequate protection on the local price, which brings the foreign exchange received from the sale of oil under the control of the Government, and which returns to the Government through an export tax a substantial share of the difference between the local and foreign price.

4. The national economy's benefits from Greek shipping should be increased by requiring that a considerable percentage of the profits of each ship be brought into the country in foreign exchange.

5. The tourist trade should be developed by the Government.

6. Incoming and outgoing mail should be subjected to financial censorship so that existing prohibitions against import and export of foreign exchange can be enforced.

7. Imports should be strictly controlled. Importation of luxury goods should be prohibited and permits and foreign exchange granted only for goods which will be of maximum benefit to the economy. Import needs of an annual basis should be determined and detailed plans for periods of at least six months should be prepared. The manner of licenses should be scheduled accordingly.

### C. MEASURES DESIRED TO ACQUIRE GOVERNMENT ADMINISTRATIVE REVENUE

The effectiveness of the Greek Government is considerably reduced by an overburdened, underpaid, and demoralized civil service, and by a lack of organization among and within the various ministries. These are faults which can only be remedied by long continued efforts. Such efforts should be started now.

1. The present civil service should be reduced in numbers, its pay scale should be increased, and improvement of the caliber of its personnel should be accomplished through training and selection. The United States Government should immediately accept the recent invitation of the Greek Government to send a group of specialists to study this problem and make recommendations.

2. The reduction in the number of ministries and the rearrangement of functions recently recommended by the Committee's Reorganization of Ministries of the Greek Government should be immediately put into effect. Within the Ministries there should be a substantial increase in the amount of delegation of authority; detailed duties of ministers such as conferences with individual members of the public should be greatly reduced.

### D. MEASURES DESIRED TO BENEFIT THE ECONOMY AS A WHOLE

1. *Direct controls over the economy.* American aid, which will mean a balanced budget, an increase in the supply of goods, and some alleviation of the current inflation psychosis, is the only method of combating inflation in Greece which has any chance of success. Positive controls alone could not begin to meet the problem, given the current condition of Greece's civil service, the public attitude toward "police" controls engendered by four years of occupation, and more important still, the very cause of the inflation problem in Greece. Nevertheless, for psychological reasons, and because some benefit will undoubtedly result, measures already undertaken in Greece to control price, cost, and wage increases should be continued and some form of anti hoarding measure should be added.

(a) The Government should attempt to develop a wage policy and some machinery for settling management-labor disputes. It is realized that

previous efforts of the Greek Government to regulate wages have been completely unsuccessful, that present legal wage rates are dwarfed by wages actually paid, and that under current conditions efforts to institute direct wage controls would probably be unavailing.

(f) The present "price controls" should be continued and improved in spite of their somewhat limited scope and value. The "ration control" has apparently had a beneficial effect on textile prices, and retail margin limitations and fixed retail food prices have kept retailers from gouging the public. However, an elaborate systematic price control with wide coverage has never been attempted in Greece and probably could not be put into effect successfully.

(g) Rent control should be continued and extended to protect new tenants. Some investigation is required, however, to determine the desirability of relaxations where satisfactory development and disposition of the structures have caused controls to become a ready burden on property owners.

(d) An anti-inflation campaign should be undertaken by the Government. Accompanied by the proper publicity, such a program should take the form of an inventory control program under which the Government maintains inventories which are clearly in excess of known needs after reasonable opportunities to unload have been given.

**2. Reconstruction and development of public works.** Greece faces a reconstruction problem of immense proportions. Road and railroad bridges, railroad equipment, water systems, ports, and power stations were destroyed during the war. The Corinth Canal, of major importance in Greece's maritime life, was blocked by huge landslides set off by German dynamite. Lack of maintenance has seriously reduced the usefulness of remaining roads and of agriculture drainage projects. Reconstruction of many of these facilities is a prerequisite to the restoration of the Greek economy. This reconstruction, however, must be accomplished pursuant to a master plan which makes due allowance for funds available and the absorptive capacity of the Greek economy.

(a) A planning board composed of economists and engineers and charged with the responsibility

of working out a program for reconstruction of public works and public utilities should be established immediately by the Government. A reconstruction program should be prepared which reflects far immediate attention the reconstruction of those facilities which will contribute most to the rapid restoration of the general economy. Where development projects will contribute more, they should be given preference. To illustrate the kind of projects which should receive top priority, the following list is offered:

(1) Permanent reconstruction of important sections of roads in all parts of the country affected on the basis of traffic, population, and availability of other transportation.

(2) Restoration of bridges and tunnels on the Athens-Salamis, Salamina-Thessalonika, and Piraeus-Eleusis railroad lines.

(3) Supply of motive power and rolling stock for the present needs of the railroads.

(4) Necessary replacement of rails and ties on restored railroad lines.

(5) Restoration of essential facilities at the ports of Piraeus, Salamina, and Volos in the order named.

(6) Restoration of the Corinth Canal, including high level bridges as bridges for road and railroad service.

(7) Restoration of flood control, drainage, and irrigation works in the Salamina, Serris, and Drama plains.

(b) Efforts should be made to induce foreign capital to undertake on a concessive basis or otherwise projects which are self-liquidating in character.

**3. Industry.** Greek industry, always a relatively small factor in the economy of the country, was substantially damaged by war and subsequent internal strife. Progress toward recovery has been slow due to insecurity, lack of credit, shortage of motive power, inability to obtain spare parts for foreign machinery, inadequacy of transportation, and high costs of production. Several of these defects must be corrected if the return manufacturers of the Ministry were carried out. But recovery only to the pre-war level of industrial activity would be inadequate if Greece is to become reasonably self-sufficient, limitations upon agri-

cultural development make industrial expansion essential.

(a) The present high costs of production should be reduced by (1) contraction of the abuses of Government granted monopolies and subsidies; (2) abandonment of Government policies necessitating retention of secondary employees; and (3) implementation of other recommendations contained herein affecting the cost of production.

(b) Preference in granting import licenses should be given (1) to raw materials over finished goods which economically can be produced in the country; and (2) to raw materials for the production of goods to be sold at low prices.

(c) Credit to industries for current operations and approved new industries should be granted where the need is already demonstrated; all industries granted credit should be closely observed to insure proper use of the credit.

(d) An industrial development program utilizing local resources and making Greece viable should be formulated. Mining, light extraction, metalurgical and agricultural processing industries particularly should be explored. Plants and equipment which may be acquired as war reparations from Germany or Italy should be used to the maximum.

**4. Agriculture and Fishing.** Agriculture in Greece is near to the pre-war level of production than any other segment of the Greek economy. Much of the destroyed draft power has already been restored, and the small scale and even primitive nature of Greek agriculture have enabled rehabilitation by the exertion of individual effort. Fishing has been handicapped by lack of replacement for war destroyed boats as well as by its traditional methods.

A distinguished group in 1948 studied the agricultural problems of Greece for the Food and Agriculture Organization of the United Nations. Their report advocates as ways of raising the contribution of agriculture to the economy of the country (1) the greater utilization of water through irrigation and drainage, (2) the shift of land from olives to winter crops, and (3) the educating of the farmers to modern methods of production.

Apart from these long range measures, which can be initiated, there are immediate steps which can be taken for increased production and improved use of the resulting products.

(a) A Governmental program for the collection of the 1947 grain crop should be initiated to insure proper use of bread grains; imported grains should not be distributed in areas of surplus production until after the exhaustion of the indigenous supplies.

(b) Facilities should be developed for production within Greece of all the country's food requirements.

(c) Credit at low interest rates and in adequate amounts should be made available to farmers and agricultural processors; this should be done through co-operatives where feasible.

(d) Export of agricultural commodities should be developed through standardization of quality and grading of products, improvement in processing and packing, and encouragement of the growing of citrus fruits, table grapes, early vegetables, and other products which can be shipped to European ports in refrigerated ships.

(e) The fishing fleet should be increased to permit a full exploitation of the resources available.

### III

#### *Administration of the Program*

*The Greek Government will need the assistance of experienced American administrators, economists, and technocrats to insure that American aid and Greece's own resources are used effectively in creating a stable, self-sustaining economy. An American recovery mission should be sent to Greece.*

The major problem is the establishment of a nucleus in the control of its powers. The Mission

must be able to secure efficient use of American aid, but it must also conform to even all purposes of United States policy by operating in accordance with Greek problems to a manner acceptable to the Greek Government.

One means of meeting this problem would be to have in addition to an advisory mission representing the United States a number of Americans and other foreign technicians employed as individuals

by the Greek Government in key Government posts. The advisory mission would aid in the formulation of policy and advice in the administration of these policies, while the individuals employed by the Greek Government, such as the foreign members of the Currency Committee and the Foreign Trade Administrator, would participate in day-to-day operations.

#### A. FOREIGN EXECUTIVES OF THE GREEK GOVERNMENT

Under this plan the Greek Government would employ a number of expert foreigners as individuals in key executive positions. These men would be selected with the advice of the Mission, on the basis of ability and character. They should assist in ensuring the effective execution of the economic policies in the day-to-day operations of the Government. Conditions in Greece are such that it would be difficult for the Greek personnel, when backed by foreign personnel in the Greek Government, to carry out many of the measures adopted, since they would of them be placed under almost intolerable local pressures. The Greek Government's employment of foreign technicians on the Currency Committee provides a successful precedent.

1. *The Currency Committee* The Currency Committee should be continued with its present composition of the Ministers of Coordination and Finance, the Governor of the Bank of Greece, one American expert, and one British expert. Its functions should be modified to fit in with those of the American Recovery Mission and its staff enlarged as necessary. In addition to the present power to control the expansion of the note issue, the Committee should be authorized to scrutinize all expenditures and to disapprove them not in conformity with the budget. It should also be empowered to prescribe such regulations for all banks and lending institutions as it may deem necessary to control speculation and to direct investment.

2. *The Foreign Trade Administration.* A Foreign Trade Administration headed by a foreign technician in the employ of the Greek Government should be established. The planning and administration of the progress of imports and exports, including licensing, should be entrusted to the administrator. In addition, he would also head the state organization responsible for

distribution within the country of all Government supplies.

#### B. THE AMERICAN RECOVERY MISSION

The Americans to whom this task is entrusted must be men of character, ability, and tact, since to an extent the success of these efforts will depend upon the kind of relationship they have with one another, with Greek officials, and with the Greek public.

Initially the Mission should be of modest size consisting of no more than 30 people headed by a single chief. Additions should be made only as the need is demonstrated. A top staff of specialists experienced in practical economics, finance, government administration, engineering, industry, and agriculture would be required. They should be assisted by accountants, research assistants, and Greek speaking observers; this is particularly necessary in Greece because of the absence of statistics and information upon which policies can be formulated. Clerical and translating personnel will also be required.

It is important that the Mission not be large. The number of the personnel is so all-important factor and the number of highly qualified persons available for prolonged service in Greece is limited. The Greek public, whatever its initial reaction, would probably not take kindly to an overly large group of Americans, and particularly so if competence had been sacrificed to numbers.

It is recognized that a small Mission cannot itself accomplish all the planning, advising, and observation called for in this program. The Mission should be assisted by groups of experts sent to Greece for limited periods for specific jobs as temporary members of the Mission. For example, studies must be made of the civil service and tax structure in preparation for the reorganization of each. Results from so proceeding the staff for special detailed studies will be much more actual salary than would be results from an equivalent number of men on the permanent staff of the Mission. Such groups of experts will be able to confer their investigations to narrow fields, leaving the implementation of their plans to the Mission's permanent staff. The Mission will have other important foreign assistance. As previously noted, foreign technicians will be employed by the Greek Government in key posts. Foreign engineering and con-

training firms will be brought to Greece to undertake the extensive reconstruction which is planned. Assistance of specialists will also be required to instruct the Greek civil service in modern administrative techniques.

The American Recovery Mission should be able through various ways to make sure that the most effective use is being made of American aid. It should have the power as a last resort to stop or curtail financial aid, not only in general, but in the case of any particular project or activity, should it become apparent that the conditions on which the aid was granted were not being lived up to. In addition, it should be required to publish quarterly in parts on the progress of Greek recovery for the benefit of the people and the Government of the United States, of the people and Government of Greece, and of the United Nations and its specialized agencies, and liaison reports should be made whenever the Mission deems a problem's urgency to necessitate immediate explanation of the facts.

Supervision of the use of the funds extended by the United States to Greece should be delegated to the Mission, and deliberations should be made by it in accordance with legislation by Congress, with policy established by the President or the Secretary of State and with the agreement on this matter between the United States Government and the Greek Government.

The chosen use of the Greek Government for American assistance in making the most effective use of funds furnished by the United States Government logically leads to the necessity of American assistance in all matters relating to Greek Government finance since even if funds from the United States and Greece were not commingled, as they inevitably will be in certain instances, the resultant productive use of Greek funds per se would be as detrimental to the American program as if United States funds were themselves not properly used. The Mission should participate in the development of revenue and expenditures policies; its approval of the budget should be required before it becomes effective; and it should aid in securing new increases in the budget. It should aid in policy matters but should not be expected to scrutinize every proposed expenditure by the Greek Government. The latter responsibility should be assumed by the Currency Committee.

In addition to securing the most effective use of American financial aid the Mission should assist the Greeks in the planning and execution of reconstruction projects, improvement of public administration, control of imports and the development of exports, control of foreign exchange, promotion of industrial and agricultural recovery, control of wages and prices, and programming the sale or other disposition of Government purchased supplies. Members of the Mission should act with the Reconstruction Board and the proposed industrial development agency, and their consent should be obtained before projects are initiated.

In order to be effective the Mission should concern itself with all expenditures made possible of Greece with American funds and, necessarily, with Greek funds. Purchases abroad should be made in four ways: by the United States Government, by the Greek Government, by American contracting firms, and by private Greek importers. Critical purchases by the Greek Government in the United States should in general be made through the procurement facilities of the United States Treasury Department, or in case of foodstuffs, of the Department of Agriculture, and purchases in the United States by importing and engineering firms should all be reviewed by the office in the Department of State supervising this program.

The Mission should assist in the planning and programming of imports. The import program prepared under the direction of the Foreign Trade Administrator would become effective only after approval by the Mission; individual applications for import licenses will be scrutinized by an import licensing committee including representatives of the Foreign Trade Administrator, and on which a representative of the Mission will sit.

The Mission should be the sole United States agency in Greece supervising the various programs of American aid. Critical supplies, reconstruction and military aid under the Greek program, relief and under the post-UNRRA program, surplus property, and Export-Import Bank credits should all be subject to the Mission's guidance. The Mission should also give advice with regard to the control of other imports by the Greek Government and private individuals.



### C. Relations to the Mission

The relations of the Mission with the United States Government in Washington should be through a single official in the Department of State. This official with a suitable staff should transmit policy to the Mission, receive all expenditures made in the United States, coordinate all United States Government authorities attending and in Greece, and give general assistance to the Mission in the United States. While basic Mission policy would, of course, be made in Washington, the Mission should be an autonomous operating and work as broad powers as are consistent with Congressional legislation. It should not have mere field agent for a main office in Washington. It should have complete authority to advise the Greek Government, distribute funds, program supplies, and make contracts for reconstruction.

Coordination between the Mission and the American, Greek, and British military authorities presents a problem, because such a large part of the foreign and total internal revenues being supervised by the Mission would go to the military. Relations with the British and Greek armed forces should be through the military section of the Mis-

sion. The head of the section should be one of the principal advisers of the Chief of the Mission, so that military and civilian activities can be fully coordinated. Similarly in the United States the military and civilian programs should be coordinated through the office of the Department of State in charge of the program with the assistance of representatives of the War and Navy Departments.

The Mission should operate as an entity separate from the American Embassy. The two will naturally have to work in close cooperation; the Mission should keep the Embassy fully informed of the general nature of its work, and on all matters of importance the Embassy should be consulted before action is taken. It would not be desirable to give the Embassy any responsibility for the Mission's work since the Ambassador should have a position to counsel the Mission and to report objectively concerning it to the United States Government.

Appropriate means should be devised for keeping the United Nations and specialized and associated agencies informed of the operation of the Mission.



idea of such as to the nature and propriety of the problem and how to present it publicly. But as a very cautious way the breadth and tone of the President's Message are estimated and crystallized in this meeting of the EXECUTIVE COMMITTEE, in the weekend (short of Russell, Thompson, Jones, and Willard, and in the final report which they draw up on Sunday (March 2), had subcommittee on Monday (March 3) and gave to Johnson on March 4. This document, especially the general portions dealing with the facts not only of the specific situation but the wider situation, because the central document used in drafting the President's Message, and is therefore of special importance.

The said week of this subcommittee meeting of the Committee need not be related here, but each of the changes that found their way into the Message were expressed in three meetings. A series, partly see them appointed to pull together the discussion of the meeting (John Farwell, Lawrence, Willard, Thompson, Litchner, and Friedman) and write the report. They were instructed to meet the following day (Saturday March 1) and carry it to their work. (Actually, Thompson took charge of the drafting of the most important parts of the report, aided by Russell, Willard, Thompson, and Jones; Walter if this is not true, could be done secretly.)

### March 1

Thompson, partly at the EXECUTIVE COMMITTEE and in (Frank Russell's) office, with Thompson, Willard, Thompson, and Jones present most of the day.

### March 2 (Sunday)

Russell, Thompson, Willard, and Jones were present and reviewed the work of the previous day and presented the final report — "Public Information Program on Aid to Greece". It was subcommittee on March 2 — and handed to Johnson on March 4.

Unusually on Sunday, March 2, Jones, handling the week, most of responsibility for drafting the two Presidential speeches, spent the day at home (it started Saturday as it had ended on Sunday) trying to find ways of triplicate speech drafts to establish a type, a breadth, a pitch for the President's Message. His was only the beginning of a process, which he handed to Jay Henderson the next morning, March 3. The next Sunday, Jay Henderson and Warren Harrison wrote full length drafts of a message.

### March 3 (Monday)

Jay Henderson took the Presidential Message draft along with his son and Harrison to Andrews. In the late afternoon Jay called Jones to say that he was to be analyzed the day and to be sent by her a mail from Andrews. At 7 p.m. Andrews called Jones to his office and to a his his meeting, telling him to keep it close touch with Henderson.

B F

### March 4 (Tuesday)

Johnson called a draft. Conference in his office. Present were Jones, Russell, Thompson, Litchner, Willard, John Howard, Ernest Jones, John Jones, and others. Andrews said he liked the tone and introduction written by Jones. Then he took of the EXECUTIVE report and read them 11 paragraphs by paragraph and in fact went on, to be used in the President's Message. In each case there was discussion, and these are thrown in and a line upon on rejected. Johnson then referred to the whole thing in the morning, and Warren drafted that might be possible. Jones took notes and, at a moment later of what was needed.

He worked late that night turning out the first working draft, dated March 2, which was considered in the second drafting conference in Mr. Johnson's office on March 3.

### March 3, 1947 (Wednesday)

Planning: Second drafting conference in Mr. Johnson's office. Some of those present the previous day were there, but fewer. Johnson said the Jones draft dated March 2 was a good one to take for further editing, and it seemed to meet with general approval. Johnson then proceeded to lead the group in a line by line consideration of the draft, and a considerable number of revisions, deletions, and additions were suggested. Jones was asked on his way out to take notes on additions and deletions suggested; afterwards, he returned to his office and worked until evening on a revised draft.

### March 4

Message: Jones sent to see Johnson to suggest that the issue of a Presidential radio broadcast should be abandoned. The message was phrased up in a pretty formal way, and Jones suggested that it could be more impressive if the President sent to Congress to deliver it in person. Also, he suggested that the way this was going Jones was's going to be time to write a radio script for delivery the same day on the message. Johnson readily agreed, and said he would recommend it in the President, which he did. The President accepted the proposition.

While with Johnson Jones knew of another matter that did not seem to get settled and which concerned the drafting of the message rather preliminarily. The draft message at that point described Greece's plight in detail, emphasized at length the "under estimate", had three instances of a map of Turkey, and yet requested Congress to authorize \$200 million for Greece and \$5 million "to be used in Turkey or in any other such country on any kind itself in need of help in maintaining its economic stability, necessary to the survival of its independence and free institutions". Jones had discovered that official objections on this last part were essentially correct, and could not get anyone even to edit that part; but the general substance and policy of the draft were so solid and convincing that they led up to a request for no express authorization. Mr. Johnson issued back, then, his while, looked over at the White House, and said simply "If P.M.S. were alive I think I know what he's up to. He would write a statement of global policy, but confine his request for money solely to Greece and Turkey". Thus, Jones revised his draft accordingly (the change appearing on his draft dated March 3) and specific authorization was secured only with respect to Greece and Turkey.

Planning: Third drafting conference in Mr. Johnson's office—with only a few of the staff present—to go over Jones' revised draft dated March 3. There were relatively few changes and corrections, those appearing on the third and last draft, dated March 7, which was sent to Mr. Johnson's office in numerous copies the following day (Jones also sent it with Vandenberg and Richards).

### March 7 (Friday)

The March 7 draft was carried to Secretary Marshall in Paris on his way to Moscow. Marshall replied the next day approving, and it for three minor deletions in wording which he suggested. Johnson also sent the March 7 draft to Clark Clifford in the White House.

### March 8 (Saturday)

Johnson sent Jones and Vandenberg to a tour of the White House to discuss, at Clifford's request, the draft message. Clifford had a last specific

B F 16

suggestions to make, by way of edifying and his wife stated it was directed at all the order of presentation. The next I went down with Grace, went on to the 'older situation' and came back to Grace, with a request that I begin with Grace and consider Grace was being, as in the 'older situation' and Tary, and this proved to be a little, I suppose and it ended up to be a little Jones fairly and this was for better, because in the afternoon and in an hour and a half, with her old at someone took a wonder, turned the thing around, and I was a wonder to her own. He also asked me of the people Clifford had suggested, and the whole thing, and I suggested it to Clifford that [Saturday] when was Clifford considered this kind of length as making, March 8.

#### March 10 (Monday)

Late in the morning, Clifford brought over and discussed with Grace, Jones, and themselves the three White House revised drafts, dated March 10. There were a few typewritten ones, and which are usually agreed upon. There were also three or four handwritten things which Jones is considered for business reasons questionable and discreditable, but very few in number, and Clifford promptly suggested in their deletion, his readiness to do so to make the two drafts had been suggested by neither his own the President but by others on the White House staff.

Clifford returned to the White House and a conference was held with the President, several people, and others on the White House staff, at this meeting the President and audience agreed to the draft originally at it was, making only a few minor changes in wording.

#### March 11

The White House staff gave the final draft date March 11, as approved by the President the revised situation, and it was a very official meeting.

#### March 12 (Wednesday)

All in all the President up and down before a Joint Session of the Senate and House in the House chamber and delivered the message.



B File

February 28, 1947  
5: 45 P.M.

Loy,

If I were writing this this evening, I could change the emphasis somewhat from the general dollar problem and bring in more the necessity for bolstering up democracy throughout the world. I do not think, therefore, that you can accept any of this as a literal suggestion, but merely as a bolder and more imaginative presentation of our economic policy needs in view of today's crisis.

If Mr. Johnson wants to do anything about this, I think that the best procedure for him would be to telephone Clerk Clifford and raise the question with him, and, through him, with the President, as to whether in view of the Greek crisis, he does not want the Department to repeat the latter half of his Baylar address.

JWJ

FOR THE PRESS

OCTOBER 15, 1947  
No. 524

# CONFIDENTIAL

## FUTURE RELEASE

### NOTE DATE

NOT TO BE PREVIOUSLY PUBLISHED, QUOTED FROM, OR USED  
IN ANY WAY BEFORE 6:15 p.m., E.S.T., WEDNESDAY, OCTOBER 15, 1947

#### REPORT ON GREECE

Address by  
Mr. George C. McChes  
Coordinator for Aid to Greece and Turkey  
Broadcast over network  
Columbia Broadcasting System  
October 15, 1947, 6:15 p.m.

In response to an urgent appeal by the Greek government, Congress authorized in May of this year the Greek and Turkish Aid Program, under which \$300,000,000 was allocated to Greece. President Truman, in his message to Congress on the Aid Act, stated that if aid were not extended Greece could not survive as a free nation but would be forced into the communist orbit by a communist minority supplied from abroad. By an overwhelming majority Congress determined that it was in our National interest to aid this freedom-loving Nation, our gallant ally in the last War, in restoring her war-devastated economy and in providing military supplies needed to establish internal order. An American Mission for Aid to Greece, under the leadership of former Nebraska Governor Dwight F. Griswold, was sent to Greece to administer the program.

In the meantime Americans have been asking many questions about the Greek Aid Program: "Was the United States justified in assuming this grave responsibility toward Greece?" "Can Greece really be saved?" "What sort of a job is the American Mission doing?" "What can the Mission hope to accomplish with the funds provided?"

I have just returned from a 3-weeks' visit to Greece. I spent a great deal of time with Governor Griswold and his staff and with the American Ambassador, Mr. MacVeagh. I talked with Greek political leaders and with members of the Greek government. I met with the Greek Prime Minister, Mr. Soukoulis, who has despite his advanced age returned to political life to lead his people under the new coalition government. I talked with businessmen in Athens, with farmers and villagers in the Peloponnese and Crete and with refugees in the guerrilla area north of Salonika.

I would like to report on the situation in Greece as I see it-- to give an accounting of how your Government is carrying out the mandate of the American people to aid Greece.

First of all the American Mission in Greece is a good mission. Its members are representative Americans who were carefully chosen on the basis of outstanding ability in administration or in the specialized fields for which the Mission is responsible. They were selected from some 4,000 applicants and on the basis of questionnaires sent to 1,000 men who had made outstanding contributions in previous public service. In most cases members of the Mission are serving at personal sacrifice as the result of a strong patriotic appeal.

The Director of the Agriculture Division was drafted from his position as business manager at Texas A & M College. The Director of the Commerce and Supply Division left a key position in a New York food concern, following an outstanding Government career which included service as a top official in the War Production Board. The Mission Highway Engineer was formerly Commissioner of Highways in West Virginia, a state which is considered to have about the same type of country as Greece. The Head of the Industry Division was formerly President of the Sperry Gyroscope Company. Other top officials of the Mission are men of similar caliber.

I found at Mission headquarters a spirit of enthusiasm and team-play. The Mission staff believe in their Mission. They are not the dollar imperialists the Greece press would have the world believe. They see as friends a country they genuinely want to help, and whose sovereignty and dignity they respect--as they respect the greatness of her poet.

Did you say say, "What has the Mission done to save Greece?"

First of all there is the purely statistical record. Seventeen shiploads of United States military supplies and equipment have been delivered to the Greek Army. Greek troops are now fighting with our ammunition and subsisting on our supplies. In addition, 13,000 tons of wheat and flour have arrived in Greece and 7,500 tons of milk for the Greek children. Other necessary Greek imports, such as petroleum, coal, automotive spare parts and fertilizers have been financed with Lend Funds.

Did the accomplishments of the Mission cannot be measured entirely in terms of goods delivered. Since it began operations in July the Mission has been actively laying the groundwork for cooperation with the Greek Government to ensure that American aid is effectively utilized for the purposes intended, and that the Greeks themselves make the maximum contribution from their own resources in the recovery effort.

On some matters the Mission gives technical advice to the Greek Government. Where the use of American resources is involved, the Mission has agreements with the Greek Government which permit control over the operations. Where joint resources of the two countries are involved, cooperative agreements have been negotiated which define



the obligations and responsibilities of both countries. An example is the Public Roads Administration where an American engineer administers the construction and maintenance of Greek roads.

A start has been made in the reconstruction of Greek transportation facilities damaged or destroyed by the war, and which are acting as a bottleneck to all Greek recovery. American contractors, with typical American initiative and energy, have organized Greek engineers and laborers. Jobs have been offered to guerrillas who accept the government's amnesty. They have brought in American equipment and materials as required, while at the same time endeavoring to make maximum use of local Greek materials. Work has been started on the Salenika Athens highway. Workmen are busy repairing the damaged docks at Piraeus and are clearing the vital Corinth Canal. All this reconstruction activity is a visible and even dramatic evidence to the Greek people of the sincere desire of the United States to aid the Greek nation.

For the first time since the termination of war Greece has a sound and complete economic program, designed to start her on the road toward self-support. In his address last Monday night in Athens, Prime Minister Sophocles announced a program developed in cooperation with the American Mission. The Prime Minister calls for sacrifice and privation from the Greek people in achieving their own recovery. He announced a new foreign exchange plan designed to overcome the handicaps to Greek export trade of an over-valued currency and to sell their tobacco, olive oil, currants and other products on the world market. He also announced the creation of a Foreign Trade Administration headed by an American employee of the Greek government. This Administration will have authority to grant all import licenses. It will eliminate luxury imports and will promote Greek export trade. The Prime Minister called also for balancing the Greek budget, which can be accomplished only by establishing non-essential Government services and effecting economies in public administration.

In other areas vital to the recovery of Greece the Mission has made real if not spectacular progress. Agriculture provides a livelihood for 60 percent of the people in Greece. Orders have been placed for seeds, fertilizers, and pesticides; canning plants imported by UNRRA have been put into operation; spare parts have been ordered for tractors and other farm equipment; a well-drilling program has been started to increase ground water necessary to expand productive land areas.

Mission experts in government administration are working directly with a liaison team of Greek officials to assist them in effecting a general reorganization of the Greek government. This is designed to increase administrative efficiency, to improve civil service procedures and to save overall savings in the Greek budget. The Greek government is reducing its civil service employment to 19,000 before December 15.

In the field of Public Health, the Mission has taken steps to procure vaccines and sanitary facilities for the 300,000 refugees in the north of Greece who have been made homeless by guerrilla activity. It is assisting the Greek government in a reorganization of its health services. It is financing an effective anti-malaria program conducted by the Greek School of Hygiene, which has reduced malaria cases from 2,000,000 to 50,000 a year.

In the field of labor, the Mission is aiding the Greek government in the development of a sound wage and salary structure designed to promote industrial efficiency and an equitable relationship between income and prices. The Mission has begun to train Greek workers in the skills required for the reconstruction program and in other practical fields which will assist in Greek recovery.

I would not, however, have you think that the path to recovery in Greece will be easy nor that Greek independence of foreign aid is yet in sight. The purchasing power of the Aid Funds has been lowered by increased food prices. This year's wheat crop in Greece is only two-thirds normal. A considerable portion of the Aid Funds earmarked for reconstruction has by necessity been diverted to military expenditures. Guerrilla activity has not been decreased by the liberal offer of amnesty by the Greek government. The balancing of the Greek budget has not as yet been accomplished.

One can, however, say that all of the necessary elements for recovery are now present, and one begins to be optimistic once internal order is established in Greece. In the restoration of internal order we are relying heavily on the evocation by the General Assembly of the United Nations of a commission which will effectively seal the Greek border against assistance to the guerrillas from Greece's northern neighbors. If order can be restored there is every reason to be optimistic about the recovery of Greece -- even more optimistic than one can be about the recovery of the more industrialized countries of Europe. If order is not restored there can be no recovery.

I would at this point like to express my conviction on two vital points which are not clear to all Americans. The first is that Greece is a real democracy -- as we understand democracy. The word democracy originated in Greece. There has been much talk about domination of Greece by a few wealthy people in Athens. In my opinion this has been greatly exaggerated. There is individual wealth in Greece, as there must be in any free enterprise incentive system. There have been selfish individuals and groups which have taken advantage of Greek democracy to further their own interests. But basically the Greek people are as democratic as any people on earth. All of the basic freedoms are jealously guarded. There are two communist groups in Athens that attack the government and the American Aid Mission daily. I am proud to say they attacked me. The last Greek election was, in the opinion of the allied observers, a fair election. The Greek government is highly responsive, sometimes too responsive, to the desires of its people.

Secondly, I believe that Greeks are unalterably opposed to communism and will combat it with all means at their disposal. Greece has essentially an agricultural economy, and the Greek farmer, like all farmers, is devoted to the principle of private property. In talking with refugees who have been driven from their homes by the guerrillas I found many who had been subjected to communist propaganda - but none who believed any of the grandiose promises the communists made. In one village of 800 there had been only one communist adherent - in another of 490 there were 25. In recent labor union elections the moderate "reformists" won 452 members while the communists won 49.

It is equally true, however, that without our assistance Greece cannot withstand continued aggression by her more powerful communist neighbors to the north. In Macedonia only 60 miles of Greek territory separates Bulgaria from an outlet to the Mediterranean. If Greece's northern neighbors continue their support of the Greek guerrilla forces, the need for foreign aid will continue beyond June 30, 1948, no matter what achievements are made by the American Aid Mission and the Greek people toward recovery.

Greece is, of course, one of the sixteen European countries involved in the so-called Marshall Plan. Any decision on that plan or a continuation of the Greek Aid Program is one for the people and the Congress of the United States. Only they can decide the extent and nature of any further aid to be furnished to Greece. The policy of this country to support Greek integrity and independence, consistent with our obligations under the United Nations Charter, will not, however, terminate with the present Aid Program on June 30, 1948, but will continue as long as Greece remains a democratic country desirous of resisting communist aggression.

DEPARTMENT OF STATE

No. 17

MEMORANDUM OF THE PRESS AND RADIO NEWS CONFERENCE,  
WEDNESDAY, JUNE 18, 1947

GREEK AND TURKISH AID PROGRAM COORDINATION

At his press and radio news conference this afternoon, Mr. Clayton, substituting for Secretary Marshall, announced the appointment of George C. McGhee as Coordinator of Aid to Greece and Turkey. (See Press Release No. 496)

When asked if there would still be two Administrators, Mr. Clayton replied in the affirmative. Asked what Mr. McGhee's duties would be, Mr. Clayton said that he would act as a kind of backstop in Washington for the whole aid program, with all administrative matters relating to the enterprise passing through his hands. When a correspondent asked if Mr. McGhee's function would be similar to that of General Carter's in relation to General Marshall when he was in China, Mr. Clayton replied that it would be more than that because there was a great deal of money to be spent, procurement and things of that sort to be supervised, controlled and administered, making it a large administrative job. A correspondent, who asked if Mr. McGhee would work through Mr. Clayton's office or through Mr. Lovett's, was told that the plan was for him to work through Mr. Lovett's since Mr. Clayton would be out of the country a good deal of the time.

MR. CLAYTON'S PROPOSED VISIT TO LONDON

When asked to comment on his forthcoming visit to London, Mr. Clayton said that when he had stopped in London in April he had promised the Ambassador that on his return to Geneva he would return by way of London and try to stay there for a few days. Mr. Clayton said he wished to have some conferences with Sir Stafford Cripps concerning Geneva, since he is the head of British delegation and had been in Geneva for only a few days in the beginning of the conference. Mr. Clayton said that he was going to try and get Sir Stafford Cripps to go back to Geneva.

When asked if he intended to discuss proposed restrictions on import from the United States to England, Mr. Clayton replied that he had no specific intention of doing so, but said he would no doubt see Mr. Briton, the Chancellor of the Exchequer, and others on various questions with reference to the U.S.-U.K. agreement, which might come up for discussion. Asked if this discussion would presumably be about the Anglo-American agreement, Mr. Clayton said that he thought not, since under the agreement it provided that, of course, quotas might be used, that they should be used in a non-

discriminatory any. When asked if this meant against all things, Mr. Clayton answered in the affirmative and explained that if there were a quota on a certain commodity for import into the United Kingdom, the presumption was that purchases should be made of that commodity on purely commercial grounds without any political considerations, in other words, there would be no discrimination.

Asked what his position on import restrictions which might be imposed in the near future would be, Mr. Clayton replied that a country which had balance of payments difficulties, as Britain certainly had, was justified in putting on restrictions on imports but our position had been right along that such restrictions should be of a non-discriminatory character. When asked if he meant non-discriminatory in a political sense, Mr. Clayton replied in the affirmative, saying that purchases of commodities that had restrictions on them for import should be made purely on commercial grounds. A correspondent remarked that since Britain's balance of payments was largely a dollar balance, any import restrictions were also to be aimed at imports from the United States, and he asked if this would be considered discriminatory. Mr. Clayton said that if Britain had any such import restrictions at present, he was not aware of it. He explained that there have been stories that there are about to be such restrictions, but so far as he was aware, there were no import restrictions aimed particularly at the United States.

Asked if he had had any indication from the British Government that they wanted to change that situation, the prohibition against that kind of a situation, Mr. Clayton answered in the negative.

Mr. Clayton, when asked what the affect would be if the Monetary Fund declares dollars a scarce commodity, and if such a move would postpone the restrictions, said that this construction was possibly correct but he was not sure, since it had been some time since he had studied the provision of the Monetary Fund. Asked if there were not a proviso in the agreement which permitted such restrictions to be placed in the event of trading with a country which had been disrupted by war, Mr. Clayton said he thought there was. Asked if this would not actually permit restrictions to be placed on dollar commodities in favor of trading with countries disrupted, Mr. Clayton said he could not answer.

#### MARSHALL PLAN

A correspondent who asked Mr. Clayton if he intended to take up the global project for European aid while in London was told that although Mr. Clayton did not expect to take up the matter he would probably do a great deal of listening. When asked if he would have anything to offer as to how the European countries might go about this project, Mr. Clayton said it was very unlikely. Mr. Clayton was asked if any suggestions had been made already, and he replied that he knew of none. He emphasized that, as Mr. Marshall

B.

stated in his Harvard speech, we felt that this was a matter for the European countries to get together and work out a joint cooperation plan themselves and to present it to us.

When asked if there had been any exchanges with the British as to what plan we looked forward to seeing resulting from the European conference, Mr. Clayton said he knew of none.

Mr. Clayton was asked to comment on the statements coming out of the discussion between Mr. Bevin and Mr. Bidault, and he said we were pleased to see that Mr. Bevin went to Paris to discuss the matter there since that was a beginning and it seemed logical that the beginning should be made in that way.

A correspondent, referring to the Italian Ambassador's remark that he might ask Mr. Clayton for certain information, asked the Under Secretary what his response would be when certain people abroad come to him for information. Mr. Clayton said that, if asked for information, he would give such information as he might have. He remarked that he did not recall the Italian Ambassador asking for any special information.

Mr. Clayton, when asked to comment on the possibility that Mr. Bevin and Mr. Bidault had come to an agreement on the formation of a European Economic Commission, said that he did not know of any such agreement. He then referred to the Economic Commission already organized. He explained that this was an initial organization, the first meeting of which had taken place at Geneva while he was there and to which he was the United States Delegate. Asked if that channel would be used for handling any integrated program for Europe, Mr. Clayton said it might be, although he did not think it would be exclusive. He stated that this was a matter for the European countries to work out themselves.

When a correspondent asked for a brief sketch of the history of the European Commission, Mr. Clayton said that the United States Delegate to the United Nations had made the suggestion that such a Commission should be formed and this was supported by other governments. Mr. Clayton told how that first meeting had been called for Geneva sometime in May. Mr. Clayton said that he had been there throughout the meeting and the principal subject of discussion with reference to the functions and that sort of thing had been the question of the three European economic organizations--E.C.O., the European Coal Organization, M.C.T.O., the European Central Inland Transport Organization, E.M.C.E., the Emergency Economic Commission for Europe. He said that the idea was that these three Economic Commissions which had been operating for some time now should either be taken over by M.E.C.E. or perhaps in one or two cases might continue to operate as a kind of subsidiary to the E.E.C.E. and under the general direction and supervision of the M.E.C.E. When asked if the discussions had gone beyond the procedural stage, Mr. Clayton replied in the negative.

R E:

When a correspondent asked if the Soviet Delegate had asked for a veto on the E.C.E., Mr. Clayton said he did not know.

Mr. Clayton, when asked what Ambassadors from Europe had come into the State Department in connection with the Marshall project, said that he did not know that any other than the Italian Ambassador had been in specifically about this matter. Asked to comment on the views expressed by those who had been in, Mr. Clayton said that whatever reaction we had received from the heads of missions in this country, our missions abroad, and from foreign governments had all been extremely favorable.

In respect to this, a correspondent said that there was a report that the Soviets had given their reply to the British and French Ambassadors in Moscow and he wished to know if the State Department had any indication as to what the reply had been. Mr. Clayton said he had not seen the dispatch. A correspondent asked if the Chiefs of Missions abroad did not include a report from Moscow. Mr. Clayton replied that he felt he was correct in saying that we had received no report from Moscow on the subject.

Mr. Clayton then announced that we had received notes from the Governments of the Netherlands, Belgium and Luxembourg expressing keen interest in the Secretary's proposal and pointing out to our Government the steps they themselves had taken in the matter of a Customs Union and expressing a willingness to be of any possible assistance in connection with the whole project. When a correspondent asked if these notes could be made public, Mr. Clayton said he would be glad to take the request under advisement and see what could be done.

Mr. Clayton, when asked if he had seen the report of the E.C.E. which Mr. Myrdal announced in Geneva, replied in the negative. Asked to comment on it and when and whether this report would be a starting point, Mr. Clayton declined.

Asked if there were an element of time as to how long the European countries would be permitted to work out this project, taking all the political foot-ore into consideration, Mr. Clayton said that the money situation in Europe was getting more difficult every day and the problem more urgent. However, he said he did not wish to give the impression that some action had to be taken within any short length of time. A correspondent, referring to Mr. Acheson's remark that a crisis was likely to arise next year, asked if waiting until the next session of Congress, starting in January, would submit the program to a longer delay. Mr. Clayton replied that Mr. Acheson was quite right that the problem would certainly become quite acute sometime in 1948, in some cases sooner than others. As to whether the question would wait until the regular session of Congress, Mr. Clayton did not think we could judge intelligently about that until we received some other information from European countries.

B

Asked if the European Economic Commission would be competent to deal with those countries who were not members of the United Nations--Italy, Hungary, Rumania, Bulgaria, Finland and western Germany, Mr. Clayton said he supposed that they would have to get information from those countries which they could put together with the rest of the information. He said it is possible that they might since provision is made in E.C.E. for some consultation with non-members.

Asked to comment on British editorial notices which referred to the Marshall plan as a lend-lease project, Mr. Clayton said that he believed that this was using a wartime expression which was not justified at the present time at all.

When asked what political or economic safeguards were laid down in the Marshall plan, Mr. Clayton said that the truth of the matter was that there was no program, and if a program should develop it would be only after we heard from the European countries. Any plan agreed upon by the European countries, he said, would take into account the progress or lack of progress since the war in rehabilitation and reconstruction, and would outline what these countries could do to help themselves and how soon they could get back on their own feet with a minimum amount of assistance from us and again be financially and economically independent of outside help.

When a correspondent, referring to Mr. Acheson's address in Cleveland, Mississippi, in which he placed emphasis on the factor of Japan and the Far East and which seemed to indicate that some such program would be extended to that area, asked if there had been any thinking on that matter, Mr. Clayton replied that, at least in his case, what thinking that had been done had been confined nearly altogether to Europe.

A correspondent, referring to Mr. Clayton's previous remark in which he said that any interpretation of the program would not justify its being called lend-lease, asked if this meant that we anticipated that whatever funds we favored under this program would be repaid. Mr. Clayton said it did not mean that at all. He explained that it meant that we had no definite plan or program on this matter; that it was all in the preliminary formative stage and that we would have to make this decision when we received a plan from Europe.

A correspondent, referring to reports from abroad which indicated that they were not taking too seriously the idea that we really want all of Europe in such a program, asked Mr. Clayton if he foresaw the possibility that more United States aid might go to the countries of eastern Europe if the countries of Europe succeeded in working out a plan such as that suggested by Mr. Marshall. Mr. Clayton replied that the Secretary in his last press conference had told what he thought Europe was and it now remained for the European countries themselves to work this program out. Mr. Clayton pointed out that the

R. E.



problem resulted from balance of payment deficit with those countries which arose from their necessity of importing large quantities of raw materials, principally food, fibre and fuel, and in some cases importing them in much larger quantities from non-European countries than before the war due to the fact that their economies and production had not caught up with pre-war levels. Mr. Clayton explained that there were some countries, of course, which did not have balance of payments deficits and were not in necessity of importing large amounts of foreign produce and raw materials, and, therefore, their problem was not as serious as it was in other countries. Asked if this were the case with Russia, Mr. Clayton said that as far as he knew Russia was not an importer of food, fibre, or fuel to a considerable extent at the present time. He said that before the war Russia was an exporter of all three items at times and it might easily be that Russia could be on the side of helping with some of those countries, particularly her neighbors to the immediate east, since we had received reports of excellent food and grain crops in Russia.

When a correspondent asked whether, in view of these reports, the five or six billion dollar estimate of Europe's future yearly needs in the way of outside assistance included Russia and some of the neighboring countries, Mr. Clayton said he did not know of any estimate of future needs in that amount. He said he thought that Mr. Acheson in his Cleveland speech had mentioned a balance of payments deficit running about that. When the correspondent said he had been referring to Mr. Cohen's speech, Mr. Clayton said he did not think he could speak with authority about totals until we had further information about the future.

When a correspondent mentioned that both Mr. Cohen and Mr. Thorp had used somewhat similar figures on the balance of payments deficit, i.e. they used a \$15 billion export as against a \$7 billion import for 1946, Mr. Clayton said he thought that it was 1947 they were talking about. When the correspondent said they had mentioned both '46 and '47, Mr. Clayton replied that he thought it was 11 billion exports in 1946.

Asked what countries were taken into account in that figure, Mr. Clayton said it was world-wide.

Asked if he had received any concrete evidence that Russia might help some of the European countries to her immediate west, Mr. Clayton answered in the negative.

Asked if he considered that fuel from this country would be our chief contribution to the program, Mr. Clayton replied that as were the contributors of more food than all of the food exporting countries, non-European food-exporting countries in the world. He reported that we had shipped more grain this year than the rest of the world put together and that was the biggest single item in the European imports. He said we had exported to Europe over 12 million tons

B

of bread grain this year and we were exporting at the rate of about 35 million tons of coal a year, costing over \$20 a ton landed.

When asked to list the countries that had no dollar deficit, Mr. Clayton said he did not have it at hand. Asked if they included any of the countries of eastern Europe, he said that the countries of eastern Europe unless they were countries that had had loans or credits, would hardly have a dollar deficit, that there was no way to cover it.

Mr. Clayton, in response to a query as to whether we would be disposed to get Canada and Latin American countries to join us to provide for these countries, said that we would be delighted although he doubted that any concrete consideration had been given to that thought as yet. A correspondent, referring to a rumor of a possible renewed part time agreement with Canada to help funnel Canada's raw materials to America which would also contribute to relieving her dollar, asked if there was any comment. Mr. Clayton said he knew of no plan to renew the Hyde Park agreement.

Mr. Clayton was asked if, in light of the suggestion that the price factor involved in American exports was a considerable deterrent in European economies favored any subsidization of exports to cut prices. He replied that he did not like subsidies, and he went on to explain that we had a law in this country called the anti-dumping law which said that when any country shipped goods into this country at prices under the prices at which the goods were selling in the country of origin, we could after investigating apply countervailing duties of 25 per cent against that country. Mr. Clayton said that this had been made use of in the past so that we did not like dumping in this country and export subsidies when practiced on us. The correspondent said he was thinking of it as an emergency scheme, but Mr. Clayton said he did not think this was the best way to meet it.

#### WOOL BILL

When asked how he stood on what the Secretary said concerning the wool tariff in view of the fact that the House passed the conference report and it was in the process of being passed in the Senate, Mr. Clayton said he had just been informed that there would be no vote on it in the Senate until tomorrow and remarked that he had nothing to add to what Mr. Marshall had said. He stated that he felt it would be a really tragic mistake if the bill in the House version should be enacted.

A correspondent asked if Senator Robertson was correct in quoting him as saying that if the Senate followed the House and passed this conference measure, then State Department would ask the President to veto it. Mr. Clayton said that this was a mistake, that he had told no one what our position

B F

would be on that subject, Mr. Clayton refused to comment on whether or not he would recommend that the President veto it if it was enacted by Congress.

When asked what he thought were the prospects for success of the ITO in Geneva if the bill became a law, Mr. Clayton replied that if the bill became a law as the conferees reported, it would have a very unfavorable effect on what we were trying to do at Geneva. He explained that he did not wish to comment further until he went back to Geneva and viewed the situation on the ground.

Asked when he expected to leave, Mr. Clayton said not later than the beginning of next week.

#### AMBASSADOR NOVIKOV

Mr. Clayton, when asked what he discussed with Ambassador Novikov, said the discussion had been in reference to lend-lease, but he declined to go into detail.

#### CHINA

Asked to comment on his conversation with Ambassador Koo of China, Mr. Clayton replied that they had discussed the various economic problems of China. When asked if the question of the unfreezing of the Export-Import Bank loan had come up, Mr. Clayton said that it had been discussed. Asked if any assurance or encouragement had been given, he said he could not comment on that since after all it was an Export-Import Bank matter.

#### LATIN AMERICA

Asked if there was any plan being worked out to meet the increased or serious economic problem in Latin America, particularly the dollar exchange and import restrictions on Latin American countries, Mr. Clayton said he knew of no such plan.

#### BRITISH LOAN

Mr. Clayton, when asked if there were any prospects that the deadline cited by the British loan agreement for convertibility might be postponed, said that as far as he knew no request had been made. Asked if he expected that the subject might come up in the discussions in London, he said he was under the impression that the British were prepared to go through with that condition.

#### SENATOR VANDENBERG'S PROPOSAL

When asked to comment on Senator Vandenberg's proposal for a bi-partisan board to study resources here and abroad, Mr. Clayton said that the proposal

B F

so far as it had to do with the study of the resources of this country and the ability of this country to give further assistance to foreign countries was a very wise one since this question was in the minds of a great many people and one of the best ways to resolve it to the satisfaction of the country would be in the way that the Senator suggested.

Asked about the foreign angle, Mr. Clayton said it was something that could best be explored and presented by the foreign countries themselves and obviously, we had very good facilities for checking all these figures and information through our missions abroad where we and the Treasury Department had financial and economic people who were thoroughly familiar with the situation in each of those countries.

When a correspondent asked him to express his opinion on Mr. Hoover's report to the Senate Appropriations Committee in which he expressed the opinion that we were over-exporting our resources at this time, Mr. Clayton said that this very pertinent question raised by Mr. Hoover was of somewhat the same character as implied in Senator Vandenberg's statement. He said he felt that there should be a study made of the question and we should get some authoritative information and views on it, a matter which could be accomplished through the bi-partisan council suggested by Senator Vandenberg.

Asked if any steps had been taken toward the organization of such a council or if any practical thought had been given to it in the Department, Mr. Clayton said that we had been thinking of it, but the suggestion had only been made on the 14th of June.

Mr. Clayton, when asked if the State Department had made a study aimed at trying to find out what the ability of this country would be in this project, said that he doubted that the State Department itself would be the proper agency to make such a study since the study might relate especially to certain natural resources which had been drawn upon so heavily during the war. He explained that in that case, the Department of the Interior might be the proper agency to study it, and report.

When a correspondent said he had been thinking more in connection with Mr. Hoover's statement that our exports being so high, the effect on domestic prices and the relation between all that and government loans and grants would seem to fall into the State Department in connection with it, Mr. Clayton said that the Planning Staff which was at work would certainly further make a study of that matter or would suggest that means by which it could be made.

Asked if there were a relation between the rising meat prices and exports, Mr. Clayton replied that he did not think so, and said that he believed there was practically no export of meat or at least very little.

FILE  
B

Asked if he thought these Geneva tariff cutting discussions might result in an agreement which would have any appreciable effect on this dollar scarcity abroad and would stimulate American exports quite a degree, Mr. Clayton answered that certainly in time such negotiations if they were successful should have considerable effect. He said the principal reason why we did not import more goods into this country from abroad and in a way cure this dollar shortage was that the world could not produce the goods to send to us. Mr. Clayton explained that the United States, in the last two years, could have absorbed quite a few billion dollars more of foreign goods than it received but it didn't receive them not because the market was not here, or because the prices were not satisfactory or because we did not want them, but because the rest of the world could not produce goods in surplus above their own needs. He explained that what they were trying to do in Geneva was enormously important in the long run, but if the whole business could be concluded tomorrow on a satisfactory basis, it would not have an immediate effect in curbing the dollar shortage.

When asked if it had been decided to go ahead with creation of the bipartisan council along the lines suggested by Senator Vandenberg, Mr. Clayton said he did not know, since he had not conferred with the Secretary on the matter, but that undoubtedly the Secretary would be discussing the matter shortly.

Lincoln White

\* \* \* \*

SUMMARY

The President's address to Congress on March 12 has been the subject of almost unprecedented nation-wide discussion, and has been regarded as proposing a "new" foreign policy of the greatest import. The picture of national opinion on his proposals is somewhat clouded by the fact that in their early reaction many sources refused to take a definite position without fuller deliberation on all aspects of the problem. Moreover, many supporting some phases of the proposals have sharp reservations concerning others; while there are evident varying degrees of uneasiness concerning the implications and potential consequences of the steps advocated by the President.

Nevertheless, on the basis of study of all available evidence including nation-wide press and radio comment, opinion surveys, statements by political leaders, including many members of Congress, views of prominent organizations and individuals, the following conclusions were believed to be valid:

1. Strong support is accorded the President's proposals by expressed opinion, particularly by the press and among influential political leaders of both major parties.
2. The general public, while favoring by a wide margin economic assistance to Greece and Turkey, is more reluctant regarding assistance of a military character. Public sentiment is almost evenly divided on the question of sending military supplies to Greece and Turkey, while it rejects the proposition of sending military advisers "to train" armies in the two countries.
3. Most support is based on the view that the program put forward by the President is necessary to halt Soviet or Communist expansion. But this course is accepted with reluctance or misgivings.
4. Most prominent in opposition are two sharply-distinct groups; "liberals" of the Henry Wallace school who have been strongly critical of the Administration's policy toward Russia; and consistent opponents of foreign policy measures which project the United States actively in world affairs.

5. The largest basis of criticism is the Administration's "failure" to take the problem to the UN. This criticism is leveled not only by opponents, but by some supporters and by others who do not commit themselves on either side.
6. Concern as to the efficacy and ultimate cost of "trying to fight Communism with dollars" is also very widespread and has apparently motivated some opponents who do not fall into either of the two major groups of opposition.
7. Many observers are apprehensive that the proposed aid to Greece and Turkey may be a step towards war; and among supporters this is frequently accepted as a "calculated risk".

### PUBLIC COMMENT ON THE PRESIDENT'S MESSAGE

#### General Reception of President's Message

The President's address to Congress on March 12 was a historic landmark in U.S. foreign policy, in the view of practically all commentators. It was interpreted as calling for U.S. resistance to the spread of aggressive Communism, and as proposing a diplomatic and economic offensive against Russia.

Most observers considered that the President's message was a remarkably frank presentation—his "sincerity and clarity left little, if anything, to be desired" (Kansas City Times). But some influential observers complained that the President failed to indicate what the consequences of his proposals, if adopted, would be.

#### Support of the President's Proposals

Throughout the nation, with the exception of certain areas, a strong majority of press, radio and other commentators have supported the President's proposals for aiding Greece and Turkey. This support has come from virtually every political school of thought, except

the extreme Left. Newspapers of Republican, Democratic and independent persuasion have joined in the support, party lines appearing to be insignificant.

This broad support was based largely on the conviction that American national interests require resistance to the threat of Soviet expansionism, and that the program laid down by the President offered such resistance. The press, increasingly suspicious of Russia since V-J Day, had strongly supported the so-called "firm" policy of Secretary Acheson toward Russia. It had also tended to lay more and more emphasis on the desirability of interposing obstacles in the path of aggressive Communism. The President's message, therefore, elicited immediate and strong support.

But throughout the supporting comment ran strong notes of reluctance and even of outright misgivings. Few, if any, regarded the policy advanced by the President as anything but "the lesser of two evils". Most believed that the policy involved a "calculated risk" of war; that it projected the United States forward as a direct opponent of Soviet expansion, and that its potentialities in terms of expenditures, and even of war, were incalculable.

Yet the greater number who took this grave view of the President's appeal affirmed their support and contended that failure to take action would be "appeasement" or "isolationism". But others, in agreement on the fundamental considerations, argued that the gravity of the problem required full deliberation and refrained from taking a position.

#### Opposition to President's Proposals

In the main, opposition to the President's program for aid to Greece and Turkey has come from two identifiable groups: "left-wing liberals" who have for some time been critical of the Administration's policy toward Russia, and "isolationists" who consistently oppose U.S. "meddling" in world affairs. Both press and Congressional exponents of these two viewpoints, with virtually no exceptions, were critical of the President's proposals.

But opposition appeared in other quarters. For example, several important editorial voices, including the Richmond News Leader and Times-Dispatch, and John S.



-4-

Knight, the well-known publisher, sharply questioned the wisdom of "trying to fight Communism with dollars" and asked whether the American economy could stand the strain of such a policy.

The main arguments advanced by the critics of the President were as follows:

1) By taking "unilateral" action the United States would seriously injure the United Nations.

2) American aid to the existing Greek and Turkish Governments would not be helping democracy; but would be supporting anti-democratic and reactionary regimes.

3) The American economy could not stand the strain of trying to stop Communism with American dollars; particularly if the policies proposed for Greece and Turkey were logically extended to other areas.

4) The President's policy increases the danger of a conflict with Russia.

#### Greatest Attention Given to Greece

By far the greatest amount of attention has been devoted to the Greek situation, and Turkey has come in for considerably less comment. The border troubles in Greece, the much-argued character of the Athens Government, and the dire economic distress of Greece have all received much more stress than aspects relating to Turkey. Those who support the President's program generally assume that the dangers to Turkey, while not so immediate as in the case of Greece, are just as serious in their ultimate implications, and therefore support aid for Turkey. On the other hand, some opponents have directed their attacks on Turkey specifically, while admitting the justification of strictly economic assistance to Greece. These opponents argue that in Turkey, unlike Greece, there is no demonstrated need of economic assistance, that Turkey refused to help our side during the recent war, and that helping Turkey would not be advancing the cause of democracy.

#### Congress

The President's message produced an unusually large number of public statements by Senators and Representatives

on the problem. These statements indicate two significant conditions; (1) both support and opposition runs across party lines and (2) Congressional approval of the program seems highly probable on the basis of statements made thus far. In the Senate, 14 Republicans, for example, indicated approval and 7 disapproval; Democratic Senators divided 11 for to 7 against. While more House Republicans have criticized the President's program than have approved it, many of these critics are traditional opponents of any measures which might project the United States substantially into world affairs. Newly-elected members of the House and Senate, nearly all of them Republicans, are two-to-one in favor of the President's proposals, so far as published statements are available.

OPINION SURVEYS

The general public strongly supports financial and economic assistance to Greece and Turkey, according to polls undertaken by Gallup and by the National Opinion Research Center, University of Denver. (The Denver poll has not been published.) But there is considerable reluctance to send military assistance either in the form of supplies or military advisers. The Gallup findings showed that a majority of nearly 5 to 3 opposed sending military advisers "to train the Greek army" and about the same was true in the case of Turkey. Nevertheless when asked whether we should send "military supplies" and some "military experts" to "strengthen Turkey's defenses against Russian pressure", 43% expressed approval and 41% disapproval (Denver). According to the Denver poll, a two-to-one majority (of those with opinions) feel that sending military supplies will make war with Russia "more likely".

The principal reason for the proposals, as the public sees it, is to keep Communism out of Greece and to stop Russian expansion (Gallup). But a substantial number also believe that the chief purpose is to give economic aid to Greece. And over two-to-one of those interviewed believed the problem should be turned over to the UN despite the fact that a large number, about half of the cross-section, had no difficulty in giving reasons why the problem was not so turned over.

SELECTED LIST OF SOURCES TAKING A POSITION  
ON PRESIDENT TRUMAN'S PROPOSALS\*

SOURCES

Press

New York Times  
New York Herald Tribune  
Christian Science Monitor  
Boston Herald  
Portland (Me.) Press Herald  
Rochester Democrat and Chronicle  
Philadelphia Inquirer  
Philadelphia Bulletin  
Baltimore Sun  
Washington Post  
Washington Star  
Scripps-Howard papers  
Lynchburg News  
Charlotte Observer  
Columbia (S.C.) State  
Miami News  
Atlanta Journal  
New Orleans Times-Picayune  
Louisville Courier-Journal  
Cincinnati Times-Star  
Evansville Courier and Press  
St. Louis Post-Dispatch  
Kansas City Star  
St. Paul Pioneer Press  
Chicago Times  
Indianapolis Star  
Butte Montana Standard  
Denver Post  
Houston Post  
Tucson (Ariz.) Star  
Oregon Journal  
Portland Oregonian  
Atlanta Constitution  
Columbus Citizen  
Nashville Tennessean  
Kalamazoo Gazette  
Los Angeles News

\* Many papers other than those listed have also taken positions.

~~CONFIDENTIAL~~

## Columnists and Commentators

H. V. Kaltenborn  
David Lawrence  
Mark Sullivan  
Sumner Welles  
Joseph Alsop  
George Fielding Eliot  
Edgar Hoover  
Frank Kent  
Kaj. Gen. Prescott Parrows  
Roscoe Drummond  
George E. Sokolsky

## Individuals and Organizations

Governor Dewey  
Alf Landon  
Ex-Governor Arnall  
David Dubinsky (International Ladies Garment Workers Union)  
American Association for the United Nations  
Six New England Governors  
    Horace A. Hildreth - Maine  
    Charles M. Dale - New Hampshire  
    Ernest W. Gibson - Vermont  
    Robert F. Bradford - Massachusetts  
    James L. McCannaphy - Connecticut  
    John O. Pastore - Rhode Island  
Americans for Democratic Action

## Periodicals

Barron's  
Time  
New Leader  
America

## Oppose or Strongly Critical

### Press

PM  
Patterson press  
Bluefield (W.Va.) Telegraph  
Jackson (Miss.) News  
Richmond Times-Dispatch

CONFIDENTIAL

# Press (continued)

Chicago Sun  
Chicago Tribune  
Chicago News  
Madison (Wis.) Capital Times  
Topeka (Kan.) Capital  
Detroit Free Press  
Raleigh News and Observer

## Individuals and Organizations

John S. Knight  
Henry Wallace  
Progressive Citizens of America  
American Veterans Committee  
Fiorello La Guardia  
Samuel Guy Inman  
American Labor Party  
Socialist Party  
Council of American-Soviet Friendship  
National Peace Conference  
Fellowship of Reconciliation  
National Council for Prevention of War  
National Lawyers Guild  
Peoples' Mandate Committee for Inter-American  
Peace and Cooperation  
Women's International League for Peace and Freedom  
Methodist Federation for Social Action  
National Farmers Union  
Jay Franklin  
O. S. Whitney, President, Brotherhood of Railroad  
Trainmen  
Alvanley Johnston, Grand Chief Engineer, Brotherhood  
of Locomotive Engineers

## Periodicals

Christian Century  
Nation  
New Republic



# SENATORS AND REPRESENTATIVES WHO HAVE MADE STATEMENTS INDICATING SUPPORT

## Senators - 23

Aiken (R., Vt.)  
Baldwin (R., Conn.)  
Bridge (R., N.H.)  
Capper (R., Kan.)  
Connally (D., Tex.)  
Flanders (R., Vt.)  
Hatch (D., N. Mex.)  
Hoey (D., N.C.)  
Johnston (D., S.C.)  
Lodge (R., Mass.)  
Lucas (D., Ill.)  
McGowan (D., Wash.)  
McCarthy (R., Wis.)  
McKeller (D., Tenn.)  
McMahon (D., Conn.)  
Morse (R., Ore.)  
Myers (D., Pa.)  
O'Connor (D., Md.)  
Robertson (R., Wyo.)  
Smith (R., N.J.)  
Thye (R., Minn.)  
Tydings (D., Md.)  
Vandenberg (R., Mich.)

## Representatives - 30

Andrews (R., N.Y.)  
Bloom (D., N.Y.)  
Boggs (D., La.)  
Buchanan (D., Pa.)  
Gaudert (R., N.Y.)  
Devitt (R., Minn.)  
Dykes (D., N.C.)  
Eaton (R., N.J.)  
Gordon (D., Ill.)  
Hale (R., Me.)  
Jackson (R., Cal.)  
Johnson (D., Okla.)  
Judd (R., Minn.)  
Keating (R., N.Y.)  
Kersten (R., Wis.)  
Lane (D., Mass.)  
LeCompte (R., Iowa)  
Lefevre (R., N.Y.)  
Lodge (R., Conn.)  
MacKinnon (R., Minn.)  
McCorrack (D., Mass.)  
Meade (R., Ky.)  
Morrow (R., N.H.)  
Plumley (R., Vt.)  
Rayburn (D., Tex.)  
Robertson (R., N.D.)  
Sabath (D., Ill.)  
Snethers (D., Fla.)  
Thomson (D., Tex.)  
Wadsworth (R., N.Y.)

# Statements Indicating Qualified Support

## Senators - 3

Brewster (R., Me.)  
Fillikin (R., Colo.)  
Russell (D., Ge.)

## Representatives - 6

Bolton (R., Ohio)  
Muntt (R., S.D.)  
O'Kane (R., Wis.)  
Rogers (R., Mass.)  
Vorys (R., Ohio)

Statements Indicating Opposition

Senators - 14

Brooke (R., Ill.)  
Byrd (D., Va.)  
Capehart (R., Ind.)  
Gordon (R., Ore.)  
Dworshak (R., Ida.)  
Ellender (D., La.)  
Jenner (R., Ind.)  
Johnson (D., Colo.)  
Kear (R., Mo.)  
McGowan (D., Nev.)  
O'Daniel (D., Tex.)  
Pappoe (D., Fla.)  
Revercomb (R., W. Va.)  
Taylor (D., Ida.)

Representatives - 29

Bender (R., Ohio)  
Bennett (R., Mo.)  
Blatnik (D., Minn.)  
Buffett (R., Neb.)  
Case (R., S.D.)  
Goffin (R., Mich.)  
Dirksen (R., Ill.)  
Dolliver (R., Ia.)  
Ellis (R., W. Va.)  
Folger (D., N.C.)  
Hoffman (R., Mich.)  
Knuteon (R., Minn.)  
Mercantonio (ALP - N.Y.)  
Mathews (R., N.J.)  
McDowell (R., Pa.)  
O'Hara (R., Minn.)  
Owens (R., Ill.)  
Phillips (D., Mass.)  
Phillips (R., Cal.)  
Powell (D., N.Y.)  
Reed (R., N.Y.)  
Rich (R., Pa.)  
Robison (R., Ky.)  
Sedowski (D., Mich.)  
Schwebe (R., Okla.)  
Shefer (R., Mich.)  
Smith (R., Ohio)  
Smith (R., Wis.)  
Tayman (R., Ill.)

Noncommittal Statements

Senators - 10

Cain (R., Wash.)  
Donnell (R., Mo.)  
Ferguson (R., Mich.)  
Hawkes (R., N.J.)  
Hickenlooper (R., Ia.)  
Moore (R., Okla.)  
Saltonstall (R., Mass.)  
Taft (R., Ohio)  
Wherry (R., Neb.)  
Wiley (R., Wis.)

Representatives - 13

Brown (R., Ohio)  
Halleck (R., Ind.)  
Hoeven (R., Ia.)  
Jensen (R., Ia.)  
Martin (R., Ia.)  
Martin (R., Mass.)  
McGregor (R., Ohio)  
Michener (R., Mich.)  
Potts (R., N.Y.)  
St. George (R., N.Y.)  
Hugh Scott (R., Pa.)  
Teber (R., N.Y.)  
Van Zandt (R., Pa.)

APPENDIX C      QUESTIONS AND RESULTS OF OPINION SURVEYS\*National Opinion Research Center (University of Denver)

Congress is now considering whether or not we should provide four hundred million dollars to help Greece and Turkey. Do you think we should or should not supply money to help Greece get back on her feet?

Should	60%
Should not	27
Don't know	13

Do you think we should or should not provide military supplies to help the Greek government put down armed attacks led by Greek Communists?

Should	78%
Should not	18
Don't know	14

Do you think we should or should not send some American military experts to Greece to improve their armed forces?

Should	47%
Should not	41
Don't know	12

Do you think we should or should not provide military supplies and some American military experts to Turkey to strengthen her defenses against Russian pressure?

Should	43%
Should not	41
Don't know	16

\*The Leaver results are unpublished and have been made available on a confidential basis.

~~CONFIDENTIAL~~

R



-18-

If the United States does decide to provide military supplies to Greece and Turkey, do you feel that this will make war with Russia more likely or less likely?

More likely	62%
Less likely	27
No difference	10
Don't know	11

If Communists in foreign countries try to seize control of their governments by force, do you think it should or should not be our general policy to help those governments put down such revolts?

Should	47%
Should not	37
Don't know	16

National Institute of Public Opinion (Gallup)

Do you approve or disapprove of the bill asking for \$250,000,000 to aid Greece?

Yes	56%
No	32
No opinion	12

\$150,000,000 to aid Turkey?

Yes	49%
No	36
No opinion	15

Would you favor sending American civilian experts over to Greece to help supervise the uses to which this money will be put?

Yes	83%
No	14
No opinion	3

-33-

Would you favor sending American civilian experts over to Turkey to help supervise the use of this money will be put?

Yes	77%
No	17
No opinion	6

Would you favor sending American military advisers to train the Greek army?

Yes	37%
No	54
No opinion	9

Would you favor sending them to train the Turkish army?

Yes	33%
No	65
No opinion	12

Do you think that lending money to aid Greece and Turkey is or is not likely to get us into war?

Is	30%
Is not	64
No opinion	18

Do you think the present Greek government has the backing of the majority, that is, more than half of the Greek people?

Yes	33%
No	26
Don't know	42



-14-

Do you think the present Turkish government has the backing of the majority, that is, more than half of the Turkish people?

Yes	34%
No	14
Don't know	62

Suppose other nations find themselves in the case like Greece, do you think the U. S. will have to do something about it?

Yes	68%
No	20
No opinion	12



THE WHITE HOUSE  
WASHINGTON



NOTE:

The President's letter to Mrs.  
Roosevelt was drafted by the Department of  
State.

With her letter Mrs. Roosevelt sent a copy of a telegram which she received from Mr. Aubrey Williams, Montgomery, Alabama, dated April 15, 1947, in which Mr. Williams discussed the Greek situation. He was disturbed and wrote that "our nation's leadership is confused. The natural leaders of the people are divided and appear to be in a frenzy of fear and disillusionment because of the inexplicable course of Russia and the Communists." He said the time called for a "simple, clear program which decent, peace-loving Americans can accept" and for a program to which the President and his advisers can accede. He went into some detail as to the program which he said he thought the late President Roosevelt would have announced for meeting the Greek situation and he said this program could be undertaken by American leadership acting under sponsorship of the United Nations. He said that the material in his message was to be the basis of an article to be printed in the "Southern Farmer" two weeks later.

- - - - -

April 17, 1947

Dear Mr. President:

I have carried on a lengthy correspondence with Secretary Houston and I have seen a State Department representative sent by Secretary Johnson, to explain the Greek-Turkish situation to me.

I was in travel I hurried the other day to try to get some enlightenment from him. I know that his appointment was very favorably received. Harry Hopkins thought highly of him but that was largely because he was he could count on Iverall to carry out directions. He is rich and generous and well meaning. I have known him since he was a little boy. I like him very much personally but I came away from talking to him, feeling that there was not sufficient realization of the domestic situation we are facing and its tie up with the foreign situation.

Our domestic and foreign policies are so closely tied together and the various areas made of late are so politically oriented, I feel even very clear sighted thinking is needed.

Between the Pepper Mill and the Fordham Amendment to the Administration Bill, I hoped that you might find some middle course. For that reason I am enclosing a copy of a wire which had come to me that expressed anxiety and made some suggestions similar to those which have been made by other people. I am not sending it because it came from Aubrey Williams, but because it is comprehensive enough to be a good sample of a considerable amount of thinking which seems to be going on throughout the country.

I do not believe that the Democratic party can win by going the Republican party one better in conservatism in the home front. Nor do I believe that taking over Mr. Churchill's policies in the White House, in the name of Democracy, is the way to really create a barrier to communism or promote democracy.

I do not think your advisors have broaded far enough ahead. General Leahy as always, will think of this country as moving on its own power.

Both in Commerce and in Agriculture, we have not been far sighted enough to see that:

1. The safe guarding of food supplies for the world, even though it might mean keeping a little more than we need as home war a wise policy.
2. The getting of business men to work in Europe and Russia is the only way we can really hope to establish lasting Europe and establish democracy.

Mr. Johnson is rather more sympathetic to the British point of view than I would be and that with Mr. Louis Douglas, who will certainly be sympathetic to Mr. Churchill's point of view, I am afraid we are apt to lose sight of the fact that if we do not wish to fight Russia, we must be both honest and firm with her. She must understand us, but she must also trust us.

Please give my kind regards to Mrs. Truman and to Margaret. I hope the latter is feeling recuperated about her work. So many people have spoken to me favorably after having been on the radio.

Very cordially yours,  
Ed Eleanor Roosevelt

R File

May 7, 1947

Dear Mrs. Roosevelt:

It was thoughtful of you to write me, as you did in your letter of April 17, telling me of your concern over recent world developments and giving me guidance. The Greek-Turkish matter which you mentioned has, I think, caused me more worry and soul-searching than any matter in these past two years. I felt the grave responsibility of the decision and the drawbacks to any course of action suggested. But it has also brought me, when the decision was made and as the issues have developed here and abroad, a growing feeling of certainty in the rightness of our step.

Your own concern and the concern of the sender of the wire you enclosed seem to be mainly, first, that we should not try to stop Communism by throwing our economic weight in at points which are of strategic importance but deficient in democracy, and, second, that we must outsell Communism by offering something better, that is, a constructive and affirmative program which will be recognized as such by the entire world and which can be effected without resort to the totalitarian methods of the Communist police state.

On the first half of this I would argue that if the Greek-Turkish land bridge between the continents is one point at which our democratic forces can stop the advance of Communism that has flowed steadily through the Baltic countries, Poland, Yugoslavia, Rumania, Bulgaria, to some extent Hungary, then this is the place to do it, regardless of whether or not the terrain is good.

The necessity at this point for formulating and carrying out a detailed operation to improve the situation is urged by Mr. Williams in his wire to you. While the details may differ considerably from those outlined by him, I am determined that the instructions to our mission will be worthy of the "support of all democratic nations", and will give no basis for the fear that it may be solely a "futile attempt to stop communism without offering anything better than the strengthening of autocracy and dictatorship."

A great deal of study is being carried on in anticipation of the successful passage of the legislation. The FAO Report and the Report of the Farber Mission will be considered and used along with the exceptional knowledge of our two Ambassadors.

In answer to the second part of your concern, I would not disagree that we must have a democratic, constructive and affirmative program of wide scope. But I would argue with deep conviction that we have led in evolving, have helped to build, and have made clear to all who will understand, the most comprehensive machinery for a constructive world peace based on free institutions and ways of life that has ever been proposed and adopted by a body of nations. And I would urge that in evaluating the step we are about to take, we should keep clearly in mind all the efforts this country has engaged in sincerely to make possible a peace economically, ideologically and politically sound.

I knew that I do not need to catalogue for you the international organizations to which I refer. Besides this machinery for peace, we have tried to eliminate the causes of war and, by our proposal for a four-power pact for the disarmament of Germany, we have tried to remove from Europe what may be the greatest basic cause of friction: the fear of German aggression or of the use of German territory for purposes of aggression.

To what seems to me nearly the limit, we have made concessions to Russia that she might trust and not fear us. These include: Agreement at Tehran to support Tito's Partisans in Yugoslavia; Agreement at Talta to give the Kurile Islands and southern Sakhalin to Russia, to recognize the independence of Outer Mongolia and Soviet interests in Dairen, Port Arthur, and the Chinese Eastern Railway; also at Talta, agreement on the Carson line as the southern border of the Soviet Union, and to the admission of Byelorussia and the Ukraine to the United Nations; at Potsdam, agreement to the examination by Russia of the northern portion of east Prussia, to the recognition of Soviet claims for preferential reparations from western Germany, to the necessity for modification of the provisions of the Montreux Convention. In the peace treaty negotiations we have made concessions, particularly in regard to reparations from Italy and in our efforts to meet the Yugoslav and Soviet points of view on boundaries and administration of Venezia Giulia and Trieste.

In addition, we have contributed to the defense of Russia during the war in lend-lease eleven and a quarter billion dollars and provided them with military and technological information. Since the war we have contributed to Russian relief through UNRRA two hundred and fifty million dollars and sold them on thirty-year credit goods totaling another one quarter billion dollars.



We have also protested, so far in vain, against what seemed to us violation of democratic procedures pledged at the Yalta Conference, in Poland, Rumania, Bulgaria and Yugoslavia.

To relieve suffering and to take the first steps toward material rehabilitation we have appropriated nearly four and one-quarter billion dollars and have asked for three hundred and fifty million dollars more in post-UNRRA relief.

Let us think, therefore, of Greek and Turkish aid against the background of these positive measures.

The results of our efforts thus far disappoint and dishearten many in this and other countries. I think we must place the blame not only on the obstructive tactics of elements opposed to our ideas of a democratic peace, but, also, to a certain extent, on our own reticence in stating the democratic purposes we have in mind.

So it seems to me, as it did to 67 senators who voted for the Bill that we must take our stand at this strategic point in a determined effort not to let the advances of Communism continue to overtake countries who choose to maintain a free way of life, who have requested our aid, and who do not wish to submit to subjugation by an armed minority or by outside pressure.

I have emphasized what seems to me to be the inescapable fact that this country has gone to great lengths to develop and carry out a constructive policy in world affairs. I have not discussed specifically the point you make that our domestic policy has a great influence on the manner in which we carry out our foreign policy. I am in complete agreement with you that what happens within this country is perhaps the most decisive factor in the future of world peace and economic well-being. We simply must not fall into political divisions, economic recession, or social stagnation; there must be social progress at home. I shall continue to point out to the country what seem to me the measures most suited to accomplish this progress. I shall continue to take every action within my own power to see that the United States has a progressive domestic policy that will deserve the confidence of the world and will serve as a sound foundation for our international policy. I shall at all times be grateful for any suggestions and criticisms which you may care to send me.

Nor does it seem to me that we can overlook the fact that as much as the world needs a progressive America, the American way of life cannot survive unless other peoples who want to adopt that pattern of life throughout the world can do so without fear and in the hope of success. If this is to be possible we cannot allow the forces of disintegration to go unchecked.

I certainly appreciate your kind personal message to Mrs. Truman which I was glad to convey to her, and your expressions regarding Margaret's singing are especially gratifying. She too will be greatly pleased.

Very sincerely yours,

(Sd) HARRY S. TRUMAN

Mrs. Franklin D. Roosevelt,  
Apartment 15-A,  
29 Washington Square West,  
New York 11, N.Y.

"It was necessary to check the facts before I could answer. It took some time - hence the delay. I regret that it took so long.

H.S.T."

DRAFT

At the White House meeting on February 27 the British notes were presented to the Congressional Delegation and the situation explained to them.

The first question that was raised was how much was this going to amount to--what are we getting in for. Some suggested that the matter should be presented to the public as aid to the Greeks for the Greeks are popular in this country, etc. But that argument didn't get very far.

The second question raised was, does this mean pulling British chestnuts out of the fire? There was a very adverse reaction when this point was raised.

At that point the Secretary and Mr. Acheson proceeded to a very frank discussion of the whole situation in the following terms: (In the last 18 months the position of the democracies throughout the world has materially deteriorated. While Secretary Byrnes and Senators Connally and Vandenberg have been going from conference to conference trying to hold together the heart of international cooperation, the Russians have been engaged in the systematic policy of trying to encircle Germany and Turkey with Soviet dominated states.

The encirclement of Turkey has had two prongs. One has been directed at Iran and the other at Greece. The effort to dominate Iran has failed. The effort in Greece has had a large measure of success but is not yet decided. The Russian effort to Greece has been aided by the Communist rebellion on the northern boundaries centered in adjacent Communist dominated countries. It has also been aided by the activities

of the EAM. These Communist activities in Greece have undermined the financial position and the tranquility of Greece.

Meanwhile, the Russians have been sparking extensive activity in Hungary, Italy, France, and Austria.

In France Communist infiltration has been extremely successful, so successful that it appears that any time the Russians want to pull the rug they can do so.

In Italy Communist influence has grown enormously; in Hungary it is advancing; and in Austria it is going very well.

We have arrived at a situation which has not been paralleled since ancient history. A situation in which the world is dominated by two great powers. Not since Athens and Sparta, not since Rome and Carthage have we had such a polarization of power. It is thus not a question of pulling British steamships out of the fire. It is a question of the security of the United States. It is a question of whether two-thirds of the area of the world and three-fourth of the world's territory is to be controlled by Communists.

After this presentation the Congressional delegation were extremely impressed and said that they would support a program designed to strengthen Greece and Turkey. But they wanted to know what definite program we had for meeting the situation and what it would cost. They also stipulated that this program be presented to the public in terms almost as frank as those in which Secretary Marshall had presented it to them.

It is therefore necessary in the next week to draw up an elaborate program and President Truman will discuss it with the Congressional delegation on next free today.

General Marshall has said that this matter must be presented to

Congress and the public in the frankest terms. Mr. Johnson says that we should not talk provocatively; specifically we should avoid accusing the Soviet Union directly and to talk instead about the spread of Communism without specifically tying it up to Russian direction.

In the public presentation the concept of individual liberty is basic, and the protection of democracy everywhere in the world. It is not a matter of vague dogmatism, it is a matter of protecting our whole way of life and of protecting the nation itself.

British action with respect to Greece is a part of the general program of British reinforcement throughout the world, as in Burma, Palestine, India, Persia.

Our program in Greece should be: (1) to equip the Greek Army so that it can restore order, (2) make it possible for the Greeks eventually to reduce their military cost so that they will not be such a drain on the Greek economy, (3) bring about a reconstruction of Greek economy and administration so that it can be self-supporting.

Extensive legislation is required of Congress for relief, for delivering military equipment to the Greek Army, for personnel to carry out the economic and military program.

See the current issue of "World Report" for an analysis of the British white paper on their general economic condition.

At the ERMC meeting it was pointed out by Mr. Jernegan that Greece is a constitutional democracy. Elections were held last spring.



1770 JTB  
L.S. 1100, 1101, 1102 and 1103 to 1107  
Dept. of State, 1101 - 1107  
1101/1102, 1103, 1104, 1105, 1106, 1107

under allied observation and they concluded that the elections had been fair. Last fall there was a plebiscite on the King, and the opinion of the military observers there was also that it was a fair vote. The cabinet was reformed recently by the will of parliament. These are evidences of a real democracy in Greece. There is plenty of evidence that the government represents 75 to 80 percent of the electorate. The government is not a corrupt fascist regime.

See NEA's policy statement on Greece.

See the electoral report.

We are going to set up in Greece a economic organization to have in their hands virtual control of all the resources of the Greek state.

Why is Greece in danger of collapse?

That is the story of the TANT?

Instead of talking about the Russians controlling Greece, we should talk of Communist developments in all critical areas.

The theme of our new approach should be that the security of the United States depends upon our going to the aid of any and all democratic governments. Tommy Thompson said we should put this in the President's statement. We are not supporting any country in aggression but we will help them defend themselves.

We must make sure that the British go along with us.

We are certain to be charged with being anti-Soviet, with engaging in atomic diplomacy and with controlling the USSR.

Our line should be that war with the Soviet Union is not inevitable, but that if Communism spreads to all the critical areas where it

General Arnold's statement: Greek guerrillas now number 12,000. The Greek Army is unable to cope with these. Greece is the only country in the Balkans not under Soviet domination. If Greece falls, Soviet pressure on Turkey will be irresistible. If Greece and Turkey should fall, the Eastern Mediterranean, with its oil supplies, would be untenable to the democracies.

U. should point out in our public presentation that we have been interested for some time in developments in Greece. We can point to the visit of the Greek Prime Minister in January, and to the Porter Mission to show our interest.

We should talk about the cost of doing what we are going to do as compared to the cost to us if Turkey and Greece should go.

See EPA for Commercial activity in Oregon.

See EIA for telegram from Paris on new book on Communism and  
Bedoll Smith telegrams.

FOR THE PRESS

MAY 5, 1947  
NO 300

# CONFIDENTIAL

## FUTURE RELEASE

### NOTE DATE

CONFIDENTIAL RELEASE FOR PUBLICATION AT 8:00 P.M., E.S.T.,  
MONDAY, MAY 5, 1947. NOT TO BE PREVIOUSLY  
PUBLISHED, QUOTED FROM OR REPRODUCED IN ANY WAY.

ADDRESS BY MR. HENRY S. WILLARD, DEPUTY DIRECTOR,  
 OFFICE OF NEAR EASTERN AND AFRICAN AFFAIRS, BEFORE  
 THE ANNUAL DISTRICT CONFERENCE OF THE 19TH SUPREMACY  
 DISTRICT AT CHARLOTTE, NORTH CAROLINA 8 P.M., E.S.T.  
 MONDAY, MAY 5, 1947.

#### SOME ASPECTS OF OUR POLICY IN GREECE AND TURKEY

Your kind invitation for me to speak here, I feel sure, is a direct consequence of your interest in foreign affairs. The title of your organization itself, Rotary International, indicates that the scope of your thinking extends beyond your own personal affairs and home communities and even transcends national boundaries.

Indeed, it is obvious that American citizens generally are showing more interest than ever before in the world about them--and with good reason. We in the Department of State are daily impressed with the increased awareness of our people in regard to the importance of international affairs in the lives of all the individuals who go to make up the United States.

The American people seem to have grasped the salient fact that our country emerged from the recent war with vastly greater power and responsibilities, which in turn magnify the duties and obligations of its officials and citizens alike. This sobering truth has, on the whole, been accepted with courage and resolution. Nevertheless, I am convinced that there is need for more detailed information on the problems and policies of the United States in the field of foreign affairs. I believe that the people wish to have current developments explained to them in plain and unvarnished terms so that they may understand fully what is likely to be required of the nation, and of them, in the vernacular, the American people want to know what the score is.

Tonight, I propose to discuss some aspects of our current policy in Greece and Turkey.

The President's speech of March 12 requesting aid for Greece and Turkey produced an immediate and favorable response not only in this country but abroad. At the same time, many

Independent



Records of  
MAURICE S. TOLSON  
Files of  
CLARK M. CLIFFORD

independent and liberal thinkers are in opposition to certain fears and doubts concerning the wisdom of this policy—a policy which has received the approval of the United States Senate by a most decisive vote. For example, the question has been asked: Will it make war more likely? Some people seem to be afraid that we are tending to revive an imperialism, intervening directly in the internal affairs of other nations. Others appear to be afraid that we are not—that we are merely supporting so-called reactionary regimes without bringing pressure to bear to introduce our own concept of democracy. Still others are unable to comprehend why the U.S. is busying itself with Greece and Turkey, involving an expenditure of \$400,000,000 for economic and military purposes, seemed considerably less than the organization of the United Nations—about just two years ago at San Francisco.

I think it is interesting to note that these arguments are precisely what has been heard on the Moscow radio and published in the Russian press. There condemnation of the United States policy has been the Russian reaction. It is imperialistic, it is reactionary, it endangers peace, it aims at world domination. To understand this a little better, it may be useful to examine the situation more closely from the American viewpoint.

You are all sufficiently well-informed, I am sure, of the state of affairs in Greece which led to the desperate appeal of the Greek Government and its people to the Government of the United States and the American people on March 3, 1947. This appeal recited the systematic devastation of Greece, the destruction and debilitation of her people, and the destruction of her economy through invasion and protracted enemy occupation, as well as through the internal disturbances which followed in the wake of war. It set forth the urgent need for financial, economic and expert assistance to attack the problem of reconstruction and enable Greece to survive as a self-reliant, independent nation. It told credibly that the destruction in Greece had been so complete as to rob the Greek people of the power to meet the situation by themselves.

We should remember that in addition to its enormous plight, the Greek Government was and still is waging a difficult and inconclusive battle with armed bands on our northern boundaries, all of which keeps the country in a state of turmoil, promotes the conditions on which despair and misery breed and effectively prevents normal post-war recovery. There is ample evidence in our possession that these armed bands are being led by communists and supplied in part from sources across the Greek frontier.

What were we to do in this emergency?

Reports which have been received by our Government from its representatives in Greece clearly indicate that unless substantial economic support can be given, conditions in that country will deteriorate to a point where the democratic representative government will be forced to succumb to the onslaught of minority groups seeking the establishment of a totalitarian dictatorship.

Many people ask why the United States is now concerned with this situation. You know, of course, that the British Government because of its historic interests and connections in the area had been supporting the Greek resistance and military needs until, a couple of months ago, it found itself unable to do so any longer. The economic situation of Great Britain is so serious and so well known that it does not have to be explained here. Suffice it to say that as February 24, 1947 the British Government informed us

that it was no longer in a position to bear the financial responsibilities it had hitherto been carrying with regard to Greece, and that, in his opinion, unless this aid were continued, Greece could not hope to survive as an independent country. Since our own interests are involved in this matter, we have found it necessary to face us squarely to the unavoidable issue--will we or will we not help Greece.

It should be obvious that no reconstruction can take place in Greece while organized armed groups defy the authority of the State and foster economic chaos, with the ultimate objective of seizing control of the government by force. The problem confronting us, in view of the inability of Great Britain to carry on, is to so strengthen the economic structure and the internal security of Greece that it can be relieved of the danger presented by an armed subversive minority and proceed peacefully to the building up of an independent, democratic nation.

We offer no apologies for the present government of Greece. It obviously does not in certain respects conform to our particular standard of perfection, but we are satisfied as to two things. The first is that the members of its Parliament were elected fairly and freely a year ago by the people of Greece under the eyes of more than a thousand observers--American, British, French and South African--and that the present Cabinet represents at least 85% of the Parliament. It will be recalled that the Soviet Government was invited to join in the supervision of these elections, but declined to do so. The second point is that by long-standing tradition and by their heroic resistance to Axis aggression the Greek people have earned the right to be classed among those who prefer our way of life to any other.

I should like to emphasize also that with the encouragement of the United States and British Governments, the Government of Greece during the past year has attempted on more than one occasion to broaden the base of its representation. These attempts have borne visible fruit under Prime Minister Maximos and it would be our policy to encourage further steps to increase the representative character of the Greek Government. On the other hand, it is obvious wherever we look that the result of totalitarian regimes is to narrow and restrict the base of representation in the government.

In his speech of March 12, the President said:

"At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

"One way of life is based upon the will of the majority and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression.

"The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms."

The President

MAINTAINED  
BY THE  
UNITED STATES  
GOVERNMENT  
OFFICE OF  
THE SECRETARY  
OF STATE  
WASHINGTON, D. C.

The President also expressed the belief that "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures" and that "our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes".

Our decision to aid the Greek people to maintain their way of life has, of course, a humanitarian motive. We dislike to see a small country threatened by the loss of its independence through external pressure and internal disintegration. Our hearts are full of pity for helpless men, women and children who lack the means to put their own house in order and to gain their daily bread. But let's be a bit selfish about this too--we are supporting Greece because it is in our own self-interest to do so.

I say this because Greece occupies a vital strategic position in the eastern Mediterranean. If democratic institutions in Greece should go under, a glance at the map will show that Turkey could be threatened and, in turn, the whole area of the Near East. Surely we have learned enough from our unwilling involvement in the terrible wars to know that the spread over a large part of Europe and the Near East of regimes based on the uncontrolled power of minorities would constitute an ultimate threat to the foundations of international peace and, therefore, to the security of the United States. As the President put it, "The free peoples of the world look to us for support in maintaining their freedoms. If we falter in our leadership, we may endanger the peace of the world--and we shall surely endanger the welfare of our own nation."

As I see it, this challenge presents us with only one choice of action; namely, to stand on our principles and, sure of the rightness of our cause and the strength of our economic and political structure, firmly and patiently seek to convince the rest of the world that its salvation as well as ours, lies in genuine co-operation.

The willingness of the United States to cooperate to the limit--short of surrender of our cherished principles--is written in the record of our government and the words of its statesmen. When he was Secretary of State, Mr. Byrnes said, in one of his many declarations on the subject: "We will continue to seek friendship with the Soviet Union and all other States on the basis of justice and the right of others, as well as ourselves, to opinions and ways of life which we do not and cannot share."

The United States still desires to cooperate, but the experience of recent months convinces us that one-sided offers of cooperation are not enough. Our readiness to cooperate, to achieve results, must be accompanied by positive actions in behalf of the principles for which we stand. This course must be supported by continued strengthening of the American economy at home, on the inalienable base of democracy throughout the world. This is essential to the national security of the United States itself.

Now what about Turkey? The geographic location of Turkey is even more important than that of Greece. Strategically, it bears a direct relation to the structure of international peace and security, including the peace and security of the United States. So long as Turkey is able to maintain its integrity and independence, it forms a bastion protecting the Near and Middle East and gives the countries of this area hope of following independent policies and of maintaining their own integrity and independence. Any crack

in that edifice would invite the most serious consequences.

While pressure on Greece has been exerted both externally and internally, the strong internal position of Turkey has restricted the campaign against her to external pressure alone. The Soviet Government officially has concentrated its effort on attempts to obtain a favored position in supervision and control of the famous Straits of the Dardanelles. At the same time, the Russians have advanced both direct and indirect demands for the incorporation into the Soviet Union of territory in Turkey's eastern provinces -- areas which form an integral part of the Turkish State.

Historically, control of the Dardanelles, connecting the Mediterranean and the Black Sea, has always been a bone of contention. In the last two centuries, Russia fought eleven wars with Turkey in unsuccessful efforts to gain control of that strategic prize. In recent years, the status of the Straits has been governed by the Montreux Convention of 1936, which the United States, Great Britain and the Soviet Union agreed at the Potsdam Conference in 1945 should be revised to meet changed conditions. The United States, which was not a signatory to the Montreux Convention, expressed a willingness to become a party to the new pact, and the Turks welcomed the calling of a revisionary conference on that basis.

The Soviet Union, however, has proposed modifications which would require Turkey to share with Russia the defense of the Straits (which run entirely through Turkish territory). This would, in effect, give Russia military bases in the Straits area. Not unnaturally, the Turks have rejected the proposal as a threat to the territorial integrity of their country.

Meanwhile, the Soviet press and radio, which of course express the government's views, have conducted a persistent war of nerves against Turkey. Territorial demands that would dismember the eastern provinces of Turkey have figured prominently in the Soviet propaganda. The plucky Turks have served notice that they will defend themselves, alone if necessary, against any aggression, and have kept a large force under arms to back up their stand.

While we are on the subject of Turkey, let us refer for a moment to the charges in certain quarters that Turkey is not worthy of our help because of her neutrality during most of the war and the alleged assistance thus rendered to the Axis. To set the record straight, it was decided at the Tehran Conference in December 1943 to invite Turkey to declare war against Germany. Turkey agreed to do so, provided adequate military supplies were forthcoming from the Allies. It was not possible for us to furnish such supplies because preparations were then under way for the invasion on the western front in June of 1944, and we were in no position at that time to undertake the additional commitment. At last, a belligerent Turkey could have served the Allied cause only by keeping Axis troops from occupying her territory -- a result achieved anyway by her continued neutrality. Moreover, the record is replete with instances in which Turkey provided aid and comfort to elements of the Allied forces. In the opinion of the United States Government, Turkish neutrality was, in fact, of definite assistance to the Allies.

The heavy

Report of  
SAUDER S. THOMAS  
Chief of  
File of  
CLASS M. CLIFFORD

Papers of  
HARRY S. TRUMAN  
Files of  
CLARK M. CLIFFORD

The heavy cost to Turkey today of keeping her army mobilized and ready, and the consequent drain on the nation's economic resources, have made it necessary for the Turks to seek support from the United States for the purpose of maintaining their independence. As in the case of Greece, Great Britain has in the past afforded economic and financial support to Turkey and now finds it impossible to do so. Again, the problem has been put up to us as to whether we shall assist a free and independent country to remain such. Since it is in our own interest to do so, we now propose to implement with our resources a policy which has been previously sustained primarily with British resources. The policy itself is not new.

Judging by the past, who can doubt that if an anti-democratic regime once became entrenched in Greece and astride the Straits, this area would become a new base for still further expansion in the Middle East, through the familiar tactics of intimidation, infiltration and propaganda?

One further question remains: Why the problem of aid to Greece and Turkey was not handled by the United Nations. In the first place, the appeal of the Greek Government in its moment of crisis was made directly to the United States, while economic and military assistance for Turkey had for some time been a matter for discussion between our Government and the Turkish Government.

But it might be objected that this is a technicality, and does not consider the broader aspects of the subject. In this respect also, I feel that our Government acted wisely. For, because of the critical and threatening situation confronting Greece and Turkey, time was of the essence. Let us ask you what might have happened if the matter had been formally referred to the United Nations -- disregarding, for the moment, the fact that the U.N. has no funds for such purposes anyway.

In the light of the record so far, can anyone doubt that a long, drawn-out debate would have ensued, accompanied by the numerous objections and exasperating delays which we have become accustomed to expect from the Soviet delegates and their associates? Is it logical to expect that the Soviet members of the U.N. would have moved swiftly and sympathetically to consider a policy which the Soviet press and radio have charged was "directed against democratic elements in Greece"? Is it not possible that if the issue had been brought for decision to the Security Council, we should have found ourselves at long last trapped on a dead-end street, with a veto blocking the way? What would have happened meanwhile in Greece and Turkey?

I personally believe that we can best serve the cause of the United Nations itself by assessing both the strength and the weakness of the U.N., and frankly recognizing its present limitations as well as its potentialities. I sometimes wonder if the American people have not made the mistake of regarding the United Nations as a sort of mechanical marvel, assuming it will operate automatically to produce solutions to difficult questions. The truth is, of course, that the U.N. is not a mechanism, into which we can drop problems and by turning the crank, have satisfactory answers come out the other end, untouched by human hand.

I have said that the United Nations has no funds for assisting Greece and Turkey. While it is true that the International Bank, an affiliated organization, has financial resources

resources. It is not designed to furnish money for the purpose of strengthening the security of a member country or to provide consumption goods, which are the two greatest immediate needs of Greece and Turkey. As their needs change, it is our expectation that both countries will be able to draw on the Bank to rehabilitate and develop their economy.

The United Nations, as I see it, is a human institution, and its members are subject to human fallibility; certainly the U.N. is capable of developing through experience to maturity and wisdom. I believe it can rise to heights of great moral grandeur, such as man himself on occasion can attain. But we would do the U.N., now in the formative stage, a grave injustice to expect it to undertake tasks which it is not yet prepared to perform.

Our objective is to build the United Nations into a body of healthy member states, each secure in the knowledge that it may act freely and independently without fear of outside domination or control. That is the fundamental question in the case of Greece and Turkey. The successful evolution of the United Nations into an organ of true international cooperation requires that the integrity and independence of Greece and Turkey be preserved -- and the only effective way to ensure that is by prompt American action.

I do not have to tell you that the cornerstone of American foreign policy is the maintenance of world peace. If there is anything on which the people of this country are united, it is the desire to eliminate war from the course of human existence. I am likewise convinced that this is the basic hope and aim of the peoples of all countries. Certainly it would be inconceivable for a government representing the people of the United States to take any action which in its opinion was not designed to promote the attainment of that great ideal.

It is our sincere desire to collaborate with all peoples of the world, and in that I naturally include the Russian people. Those who really know us, I am persuaded, understand full well that it is not our wish to dominate, intimidate or threaten the security of any nation, large or small. As Senator Austin, the U.S. delegate, told the United Nations Security Council on March 28, in discussing the Greek-Turkish case, we "will support collective security for all nations -- large as well as small". The United States, Senator Austin added, respects "the right of all members of the United Nations to follow whatever way of life or system of government they choose so long as the choice is freely made without intimidation and so long as such nations do not interfere with the rights of other countries or the liberties of other peoples".

Senator Austin also told the Security Council: "The United States regards it as an obligation under the Charter, as well as a matter of elementary self-interest, for every member of the United Nations to do its utmost to bring about the peaceful adjustment of any international situation before it becomes a threat to the peace."

That, it seems to me, is the primary lesson we should have learned from two World Wars. I believe that a firm and steady policy on our part, far from being likely to draw us into a war, is the best way to assure peace, by convincing the leaders of other countries that our brand of democracy is here to stay. Those leaders, after all, are realistic; they know that facts are stubborn things, and will not stand down. While we confront them with the facts of democratic strength and the force of public opinion in the free world, let us inform all peoples -- in ways that penetrate even the Iron Curtain -- that we desire only cooperation and friendship with them.

Peace is the great goal, but as we see, it is not easily won. This country and its government recognize the difficulties, but these only strengthen our determination. In the cause of peace, we intend to aid Greece and Turkey. We extend the hand of friendship to all peoples who will join with us in honest labor for that same great cause.

MAINTAIN  
RECORDS OF  
FILES OF  
CLARENCE M. CLIFFORD

FOR THE PRESS

MARCH 23, 1947  
No. 235

CONFIDENTIAL RELEASE FOR PUBLICATION ON DELIVERY. NOT TO  
BE PREVIOUSLY PUBLISHED, QUOTED FROM OR USED IN  
ANY WAY.

STATEMENT BY THE HONORABLE W. L. CLAYTON, UNDER SECRETARY OF  
STATE FOR ECONOMIC AFFAIRS, BEFORE THE HOUSE FOREIGN AFFAIRS  
COMMITTEE, MARCH 24, 1947

The general political situation in Greece has already  
been outlined by Mr. Acheson. I should like to explore with  
you the economic position of the country and the events which  
have brought the Greek economy to a state of near collapse.

Even before the war, Greece was a poor country. Her  
per capita income was one of the lowest in Europe; labor  
productivity was low in both agriculture and industry;  
population pressed on limited resources; and there was a  
constant deficit in the balance of trade.

Greece entered the war on the side of the United Nations  
relatively early in the conflict. By April 1941, Greece was  
completely occupied by enemy forces and remained under occupa-  
tion until late in 1944. During this period, the Greek economy  
was operated almost entirely by and for the enemy war machine.  
Through such devices as issue of occupation currency, drafts  
on the Greek government, clearing arrangements which gave  
exports to the enemy without recompense, requisitions, con-  
fiscations and the like, the Greek economy was systematically  
and progressively stripped and at the same time billions of  
drachmas were pumped into circulation.

One of the first acts of the German occupation authori-  
ties was to requisition existing stocks of Greek food, already  
seriously depleted. Agricultural products were regularly  
requisitioned in various areas and sometimes the Germans them-  
selves harvested crops to keep them from the local population.  
Clothing was requisitioned in Crete and other Greek areas.  
The Germans seized transport, machinery and raw materials to  
whatever extent was required by the German armed forces and  
the German economy. Greek industry was used to meet the  
conqueror's needs at home and to supply the necessary spare  
parts and repairs for his damaged equipment. Machinery in  
factories that could have supplied Greek civilian requirements  
was removed and replaced by machinery designed especially to  
maintain German war equipment.

As the enemy forces withdrew, they put into effect a  
policy of systematic destruction calculated to wreck the Greek  
economy to such an extent that a liberated Greece would have  
slight prospect of normal recovery in the foreseeable future.  
The physical damage inflicted on the country was sufficient  
to result in almost complete paralysis. Means of communica-  
tion were destroyed, port facilities wrecked, and bridges  
demolished. Livestock was carried off, villages burned,  
railways torn up and the Corinth Canal dynamited.

The following

The following figures will serve to highlight the heavy material losses suffered by Greece from the war. Of 55 passenger ships in 1939 only 5 remained. Less than one quarter of the cargo vessels were still afloat. The Greek State Railways had lost over 80 percent of their rolling stock and nearly 90 percent of their locomotives. Half of the highway system was unusable and half the bridges were out. A large proportion of the livestock and draft animals had disappeared. Industrial production was only a small fraction of that in 1939. Agricultural production had not suffered so much but was still substantially below pre-war levels.

In addition to the sizable damage sustained by Greece, the Greek economy fell prey to progressive inflation, which stemmed largely from the heavy occupation costs levied by the enemy. At one point in the summer of 1942, occupation cost payments reached 30 billion drachmas monthly. It may be estimated from Greek Government figures that occupation costs totaled over \$431 million 1938 dollars. In addition, Greece incurred heavy drachma expenses for products exported to the Axis during the occupation under the clearing arrangements with Germany and Italy. Both clearings at the end of occupation reflected net unpaid exports by Greece totaling about \$534 million 1938 dollars. By liberation such fantastic amounts of drachmas were in circulation that the currency system was on the verge of complete collapse.

In fact the Greek Government in exile was compelled almost immediately upon its return to Greece to abandon the old currency and establish a new one. Conversion was effected in November 1944 at the rate of 50 billion old to 1 new drachma. This had the effect of wiping out bank deposits and destroying the value of Greek Government bonds and other obligations.

The fiscal position of the Greek Government on liberation was also appalling. The machinery of government was disorganized. The pre-war tax structure had completely collapsed during the occupation on the municipal as well as on the national level. At the same time the financial burdens of the Government were greatly increased. Hospitals, schools and many other essential services had to be financed from the national treasury since the municipalities were bankrupt. The Greek's brave fight to preserve their independence against impossible odds and the subsequent occupation had greatly increased the number of widows, orphans and maimed entitled to pensions. Moreover unsettled world conditions imposed a further heavy burden on the Greek budget for military needs even though the British Government made a substantial contribution in this respect.

Ever since liberation the Greek Government has been faced with a mounting budget deficit. Unfortunately, however, the lack of confidence in the currency and credit of the Government engendered by the inflationary experiences through which the Greek people have just passed has meant that the Government has been unable to float any internal bond issues since the drastic currency conversion of November 1944. Lack of confidence in the currency is also reflected in the absence of any appreciable savings in the form of bank deposits. This in turn has limited the ability of Greek banks to supply essential credits to the Government or to business and industry to finance rehabilitation and reconstruction. As a result, reconstruction has been greatly retarded and the Government has



11. been forced to cover the deficit in effect by currency  
 issues.

These currency issues have inevitably added to the inflation in Greece exerting upward pressure on prices and the exchange rate. The over-all cost of living is now more than 100 times as high as in 1939. Wages have increased but not proportionately with the result that there has been a drastic decline in real wages. The exchange rate has had to be adjusted from 150 per dollar established at liberation to 5,000 per dollar fixed in January 1946. Even this rate has been consistently below black market rates which are now in the neighborhood of 8,000 to the dollar. The rate for gold is even higher amounting to approximately 15,000 drachmas per dollar.

In these circumstances the Greek Government has made efforts to attain stability by the expedient of selling gold sovereigns at premium rates. While this practice may have had some effect in stabilizing the value of the drachma it has also reduced the gold and foreign exchange reserves of the Government to a dangerously low point.

Greece finds herself today with virtually no gold or dollar resources left, with relatively little reconstruction accomplished, and with an economy which threatens to collapse at the onset of almost any serious adverse development. The shock to confidence from the inflationary experience of recent years was itself enough seriously to disrupt the normal functioning of the economy. This added to the destruction wrought by the war, the political uncertainties facing the nation, and the guerrilla activities impairing life and property in the interior, has meant virtual paralysis of the normal economic processes by which Greece might otherwise have been able to work out her own salvation.

The assistance heretofore provided by UNRRA and the British has succeeded in preventing actual starvation. It has been far from sufficient to restore Greece to a position where she could become self-supporting. With the imminent cessation of the help provided by UNRRA and the British, Greece needs substantial outside assistance if suffering and political turmoil are to be avoided. Such assistance can only come from the United States in the time and in the amount required.

I shall endeavor to outline the program of assistance which is proposed. The Congress has already been advised that with the termination of UNRRA shipments Greece will require minimum relief aid of \$30 million if serious malnutrition and further retrogression in the minimum operation of the economy are to be prevented. This sum will be provided under the post-UNRRA Bill if this is approved by the Congress.

Provision of relief aid in this amount will not, however, be sufficient to restore domestic security or provide the minimum reconstruction and stability which are necessary if Greece is again to take her place among the self-supporting democratic nations of the world.

For this purpose it is believed that approximately \$300 million will be necessary. Of this approximately half would be devoted to making available to the Greek armed forces the arms, ammunitions, clothing, rations, and equipment necessary to deal effectively with the guerrillas. The political and

military reasons for strengthening the Greek Army have been discussed by others, but I should like to emphasize that the establishment of military security is an essential prerequisite to economic stability. The economic difficulties of Greece have been seriously complicated by a general lack of confidence in the future of Greece as an independent state. Establishment of military security will enable the Greek Government and people to concentrate their efforts upon the solution of their economic problems, and renewed hope and confidence will encourage Greek private enterprise to undertake a larger share of the tasks of reconstruction.

The civilian program envisaged will cost approximately \$150 million. I would like to indicate very briefly the nature of this program, in particular the import or foreign exchange elements involved.

We have estimated that imported equipment and materials for reconstruction until June 30, 1948 will cost approximately \$50 million. The first priority in reconstruction must be given to the restoration of transport and public utilities. Internal transportation in Greece is a serious bottleneck to further recovery. Until the railroad network is fully restored and sufficient rolling stock provided, the present excessive diversion of traffic to trucks will have to be continued with attendant high costs which hamper internal distribution and exports.

Greek roads have deteriorated very seriously and are in such unbelievably bad condition that the life of vehicles is only a fraction of normal and operating costs are excessively high. The two principal trunk ports, Piraeus and Salonica, were very badly damaged and have been restored on only a provisional basis.

In order to make progress toward the restoration of the Greek transport system, it will be necessary to import considerable quantities of rolling stock, rails, structural steel and bridge building material, road machinery and earth moving equipment, some vehicles and the services of the United States contractors and technicians.

Restoration of damaged and destroyed electric utilities and communications systems must also be given a high priority. Substantial imports of electrical machinery and communications equipment will be required.

Agriculture, which is the basis of the Greek economy, depends heavily upon the various flood control, irrigation and water control facilities. During the war these facilities were neglected by the invaders and the equipment necessary to keep them in good condition was either destroyed or removed. The dams, locks, canals and ditches have, as a result, deteriorated very seriously, and unless they can be repaired very soon, further deterioration and loss of agricultural output is inevitable. For example, the Thessalonica Plains project which drains and irrigates an area of roughly 450 square miles along the Axios River in north central Greece has been virtually without maintenance since the beginning of the war. In order to reclaim this vital project, such pieces of equipment as hydraulic dredges, drag lines, bull dozers and tractors are needed as well as maintenance equipment for these items. Such equipment will have to be imported.

During

...  
military reasons for strengthening the Greek Army have been  
disputed by others, but I should like to emphasize that the  
establishment of military security is an essential prerequisite  
to economic stability. The economic difficulties of Greece  
have been seriously complicated by a general lack of confidence  
in the future of Greece as an independent state. Establishment  
of military security will enable the Greek Government and  
people to concentrate their efforts upon the solution of their  
economic problems, and renewed hope and confidence will encourage  
Greek private enterprise to undertake a larger share of the tasks  
of reconstruction.

The civilian program envisaged will cost approximately \$150  
million. I would like to indicate very briefly the nature of  
this program, in particular the import or foreign exchange  
elements involved.

We have estimated that imported equipment and materials for  
reconstruction until June 30, 1948 will cost approximately  
\$50 million. The first priority in reconstruction must be given  
to the restoration of transport and public utilities. Internal  
transportation in Greece is a serious bottleneck to further re-  
covery. Until the railroad network is fully restored and suf-  
ficient rolling stock provided, the present excessive diversion  
of traffic to trucks will have to be continued with attendant  
high costs which hamper internal distribution and exports.

Greek roads have deteriorated very seriously and are in  
such unbelievably bad condition that the life of vehicles is  
only a fraction of normal and operating costs are excessively  
high. The two principal Greek ports, Piraeus and Salonica,  
were very badly damaged and have been restored on only a pro-  
visional basis.

In order to make progress toward the restoration of the  
Greek transport system, it will be necessary to import consider-  
able quantities of rolling stock, rails, structural steel and  
bridge building material, road machinery and earth moving  
equipment, some vehicles and the services of the United States  
contractors and technicians.

Restoration of damaged and destroyed electric utilities  
and communications systems must also be given a high priority.  
Substantial imports of electrical machinery and communications  
equipment will be required.

Agriculture, which is the basis of the Greek economy,  
depends heavily upon the various flood control, irrigation  
and water control facilities. During the war these facilities  
were neglected by the invaders and the equipment necessary  
to keep them in good condition was either destroyed or removed.  
The dams, dikes, canals and ditches have, as a result,  
deteriorated very seriously, and unless they can be reclaimed  
very soon, further deterioration and loss of agricultural out-  
put is inevitable. For example, the Thessalonica Plains pro-  
ject which drains and irrigates an area of roughly 460 square  
miles along the Axios River in north central Greece has been  
virtually without maintenance since the beginning of the war.  
In order to reclaim this vital project, such pieces of equip-  
ment as hydraulic dredges, drag lines, bull dozers and tractors  
are needed as well as maintenance equipment for these items.  
Such equipment will have to be imported.

During

During the war much industrial plant in Greece was idle and the war damaged and destroyed considerable industrial equipment. Mines suffered very seriously. Imports of industrial equipment will be required to permit Greek production to return to pre-war levels.

Any visitor to rural Greece is impressed by the wanton destruction of rural dwellings, of which over 100,000 were destroyed and 50,000 badly damaged. The foreign exchange costs of beginning the restoration of this tremendous loss are a small but vital element in the job.

Aside from the problem of basic reconstruction, Greece urgently needs further assistance in the rehabilitation of agriculture. UNRRA has made a start by the importation of some livestock, farm machinery, food processing equipment and the like. This program includes \$20 million for this important task.

This \$20 million and the \$50 million for reconstruction are to cover the cost of foreign goods and services entering directly into these programs. But in order to carry out the reconstruction program it will also be necessary to employ local labor and materials. Greek labor and raw material producers will be paid in drachmas. However, the Greek laborer or raw material producer cannot be expected to make available his services or products unless he can convert the drachma he receives into the goods and services required by himself and his family.

Even with the additional supplies of food and clothing to be provided for abroad under the direct relief program the total supply of goods and services available for purchase will be barely sufficient to permit holders of drachmas to convert them into the necessities of life. Large drachma payments must be made in connection with the proposed reconstruction program, and such increased drachma purchasing power will exert a tremendous pressure upon the limited supply of goods. In such circumstances, each new drachma recipient would bid against his neighbor for available supplies, and the result would be a rapid rise in prices. Wage earners and raw material producers would soon find that their drachma receipts were inadequate to produce the necessities of life, and they would demand increased payment for their labor and products. If the basic shortage of goods were not remedied, increased wages and prices to producers would not enable them to procure the goods they require, but would only lead to more frantic competitive bidding and further price rises. Price controls and rationing are only temporary palliatives under such circumstances, and experience has shown that the effective operation of controls of this nature cannot be expected in Greece under such circumstances.

It is our firm opinion that the reconstruction program in Greece cannot be carried out successfully unless consumers' goods are made available from abroad, roughly equivalent in value to the drachma expenditures in connection therewith. The best available estimate of these expenditures is \$80 million. Greece itself is the cheapest source of the labor and of much of the raw materials required for the reconstruction program, and of course such labor and materials should be utilized to the utmost. The precise method of carrying out an integrated program of reconstruction, including the procurement and distribution of the necessary consumers' goods should, I believe, be left for determination by the American Mission, which it is proposed to send to Greece.

To sum up: the \$150 million civilian program for Greece consists of the \$80 million agricultural rehabilitation program, and a reconstruction program which includes \$50 million for foreign exchange costs and \$80 million for internal costs.

I should like to emphasize that all the estimates I have given you are necessarily rough approximations, and that it is essential that flexibility be maintained, so that adjustments between various portions of the program can be made in the light of experience and developments which cannot now be anticipated in detail.

The funds made available under this program must, of course, be utilized to best advantage so that our objectives may be achieved efficiently and economically. It will be necessary to send a civilian mission to Greece to administer this Government's interest in the program. We cannot now say what the size of such a mission would be, or how it would be organized; these questions are still under study.

It is clear that we should not make any expenditures for the Greek program until specific plans have been developed, and have been approved by us. The mission in Greece would be in a position to carry a large part of the responsibility for this activity. It is also clear that the expenditure in Greece of funds that may be made available to the Greek Government must be subject to control by our mission there.

Furthermore, it is my considered opinion that in the United States any purchases with these funds should be made through the procurement agencies of this Government, or, if made otherwise, should be subject to careful supervision and strict control.

Finally, we must see to it that competent persons are sent to Greece to ensure the development of controls at key points and to see that their application. This is so short, and the expenditures involved so great, that we must be assured that sound policies will be adopted and effectively administered in matters such as the following: fiscal methods; a modern tax structure; strict husbanding and control of the foreign exchange earnings of the Greek people; conservation of remaining gold resources; a restriction on unessential imports; and the expansion of Greece's exports. These measures, no less than the financial advances we are proposing, are necessary to put Greece back on her feet.

I have stressed the economic situation in Greece because it is one of crisis. General economic conditions in Turkey are more favorable than those in Greece. In fact the latest information available indicates that Turkey has sufficient resources to finance the essential needs of her civilian economy. It also appears that Turkey should in due time be able to procure through existing credit channels part of the additional resources required for a program of general economic development. However, Turkey urgently needs military and other capital equipment which she herself cannot at present procure without seriously weakening her general economic position. The necessity for assisting Turkey in bearing the burdens of her military defense is very real and an immediate beginning should be made. The \$100 million recommended for Turkey will be devoted to equipment for the Turkish Armed forces and for projects such as the rehabilitation of the Turkish railroad system,

which

which will contribute most directly to the maintenance of security in Turkey.

The bill now before you provides that the President shall determine the terms upon which assistance will be furnished to Greece and Turkey from the appropriations authorized. These terms may be loans, credits, grants or otherwise. In view of the unusual conditions confronting us in this situation, I do not believe that it would be wise or practical to specify now what these terms might be.

Any sort of financial relationships, to be sound, must be related to the realities and objectives of the case. I believe that assistance for military purposes, being essential to our own security, and not in itself creating the wherewithal to repay, should be made as a clear grant.

Financial assistance for civilian purposes would appear to fall in a somewhat different category. Repayment could be sought when the direct effect of the financial aid was to create the ability on the part of the receiving country to meet such obligations in foreign exchange. However, I do not believe that we should create financial obligations for which there is no reasonable prospect of repayment.

\* \* \*



DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

WASHINGTON

February 25, 1947

~~SECRET~~  
**SUMMARY OF TELEGRAM**

**GREECE** We are reviewing our position on granting economic and military assistance to Greece and Turkey following the receipt of two British notes requesting us to state what contributions we are prepared to make and indicating that British contributions in the future cannot be as large as in the past. The British suggest that military questions involving Greece should be considered urgently by the Combined Chiefs of Staff. The notes refer to the fact that previous exchanges of views between the US and UK have resulted in the mutual understanding that, on strategic and military grounds, Greece and Turkey should not be allowed to fall under Soviet domination.

**POLAND** Peasant Party leader Mikolajczyk has informed Ambassador Lane that the recent creation of "councils of state" in Poland will put complete control of Poland in the hands of the Communists shortly and that from now on there is absolute dictatorship in Poland. Lane adds that foreign observers have expressed to him their apprehension about steps which are obviously in the direction of the Sovietization of Poland.

**USSR** Ambassador Smith points out that Soviet attempts to mobilize the world proletariat to advance Soviet expansion encounter two general forms of active opposition. One is repressive, such as the policy of the Chinese and Greek Government. The other is competitive, such as the activities of the British Labor Government. He adds that the possibility that large segments of western and central European workers look to the British rather than to the USSR for guidance and support, threatens a major set-back to Kremlin plans.

DECLASSIFIED

FOI b7c, b7D

State Ex. 117, Feb 12, 1979

By NLT-~~SECRET~~ ~~SECRET~~

R E







DEPARTMENT OF STATE  
OFFICE OF THE SECRETARY  
WASHINGTON

March 5, 1947

~~CONFIDENTIAL~~

SUMMARY OF TELEGRAMS

CZECHOSLOVAKIA Stalin is reported to have personally ordered the Czech Government to conclude a treaty of alliance with Poland, similar to those Czechoslovakia has with the USSR and Yugoslavia, before concluding the projected Czech-French treaty. Our Embassy feels this constitutes the most glaring example of Soviet intervention in Czech affairs since the cession of Ruthenia.

HUNGARY Our Minister in Budapest feels that recent developments in Hungary make it clear the Soviet authorities are prepared whenever necessary to intervene directly in Hungarian affairs in order to support the Communist position.

FRANCE Several top ranking French military authorities have informed Ambassador Caffery that in the sending of reinforcements to Indochina the French have just about "scraped the bottom of the barrel" as available military forces. Our Consul in Saigon estimates that 14,000 French reinforcements have arrived in Indochina since the beginning of hostilities last December.

BULGARIA Soviet military authorities in Sofia have ordered the closing of the Turkish-Bulgarian frontier from March 6 to March 17. Our Mission assumes the order also relates to the Bulgarian-Greek frontier.

GREECE Porter reports that, assuming the US intends to bear the full burden of military, relief and reconstruction expenses in Greece, the figures given in the British note on Greece check approximately with the data compiled by his Mission.

~~CONFIDENTIAL~~

DISPATCHED

LA 1 11 11 11 11

State Dept. File No. 11 11 11

By ULI *LLC* 11-12-47

R F

A FACTUAL SUMMARY  
CONCERNING THE  
AMERICAN MISSION FOR AID TO GREECE



---

ALAG  
Athens, Greece  
June 15, 1943

A FACTUAL SUMMARY CONCERNING  
THE AMERICAN MISSION FOR AID TO GREECE

Contents

	<u>Page</u>
American Aid to Greece: General Appraisal	2
Military Aid	3
Supplies for the Greek People	4
Reconstruction	6
Agricultural Rehabilitation	9
Industrial Rehabilitation and Expansion	10
Labor	12
Public Health	14
Government Organization	15
Fiscal and Budgetary Program	17
Distribution of Aid Funds	19
Mission Personnel	20
Mission Organization	21
Chronological Summary of Developments in American Aid to Greece Program	22
Appendix I Area, Population, and Govern- ment of Greece	34
Appendix II History of Modern Greece	35
Appendix III Economic Background	36

A year ago, Greece faced a dismal future fearfully. Armed bands, led by a communist minority aided and supported from abroad, killed and ravaged almost at will. In large areas of the country people lived under the constant threat of guerrilla attack. Farmers were afraid to plant crops that might be plundered. Businesses were afraid to invest money in plants and equipment that might be destroyed. The nation's expenditures for the armed forces and care of the guerrilla-stricken refugees had reduced the government to bankruptcy. At the same time, Greece was confronted with economic paralysis and inflation. The combined shooting war and "cold" war threatened to destroy her existence as an independent nation.

The primary objective of the American Mission for Aid to Greece was to help the country preserve its independence against these dangers. That objective has so far been accomplished.

Greece today still has institutions which, although far from perfect, offer its people a degree of freedom and democracy unknown in other Balkan countries. The basic individualism of the people which has survived since ancient times can best be appreciated in the numerous small villages throughout the country which furnish the backbone of the nation's citizenship.

American relief shipments and the mere presence of an American Mission might have been enough to save Greece from communist domination. But T.M.G.'s program has gone beyond this first major goal; it is a positive program of reconstruction and rehabilitation that now is beginning to pay dividends in increased production, stability, and confidence. Its long-range goal is a more self-sufficient economy and a revitalized Greek democracy.

Some of the fear and adverse conditions of a year ago have been overcome. The Greek Army, with American equipment and American tactical advice, is making excellent progress against the guerrilla bands. Much more secure means more land can safely be cultivated; more schools, homes, and businesses can be restored. The Army's victories have given the Greek people a measure of badly-needed confidence in the future of their country.

Economic recovery is also under way. Inflationary influences have been brought under control. Good progress is being made in the reconstruction of Greece's war-damaged ports, highways, and railroads. Economic progress and reforms have been undertaken which will afford the bases for increased agricultural and industrial production and greater financial stability. With American help, the Greek government is moving to improve its organization and increase its efficiency, demoralized by 10 years of dictatorship and occupation. These things take time, but progress is being made.

Since 1946 the communists have carried on a systematic effort to gain control of Greece. The subversive activities of this minority have resulted in the growth of guerrilla bands to a strength which was estimated at some 25,000 men before the recent accession of the Greek National Army. The terrain of Greece is well suited to guerrilla warfare. Use of mechanized equipment is impossible in the mountainous areas. For two years these bands, by skillful use of hit-and-run tactics, have been able to wage cruel and destructive warfare throughout the country. Their efforts have received both material and moral support from communists elsewhere in Europe, especially from Albania, Bulgaria, and Yugoslavia.

The American Mission is now feeding and equipping Greek armed forces totaling 228,000 men (including National Defense Corps battalions of 50,000 men and Greek Navy forces of 13,500 men). In addition, the Mission is furnishing full rations for every member of the gendarmerie and every town policeman in Greece, totaling 34,000 men. The grand total is 263,000 men.

The original cost of the Army and Navy supplies is very substantially in excess of the cost at which they are transferred. Supplies with a transfer value of approximately \$110,000,000 ordered by the U. S. Army Group of the Mission had arrived in Greece by June 1. Receipts of naval equipment and supplies ordered by the U. S. Navy Group for the Royal Hellenic Navy as of June 1 represented a total cost of more than \$2,000,000. The Mission has turned over to the Royal Hellenic Navy six completely equipped gunboats; the Greek crews for these boats were trained in the United States.

More than 250,000 tons of petroleum products have been imported into Greece by the Mission for the Greek armed forces and for essential civilian use.

At the request of the Greek Government, the U. S. agreed last December to furnish planning and operational advice as well as supplies and equipment to the Greek forces. The first officers for this program began to arrive in Greece in December and were promptly attached to Greek Army corps and divisional headquarters to advise the corps and divisional commanders. A Joint U. S. Military Advisory and Planning Group was established including personnel of the U. S. Army, Navy, and Air Force, and the Group soon began working closely with the Greek General Staff on the over-all strategic and tactical operational planning.

During the first months of the Mission's program the tactics of the Greek National Army were almost entirely defensive in character. During this period the number of refugees from guerrilla terrorism increased alarmingly. In recent months there have been brilliant offensive actions by the Greek armed forces which have inflicted serious losses on the guerrillas and promise an early restoration of security in the greater part of Greece by the end of the year.

At present there are 165 officers and 195 enlisted men on the staff of the Mission's U. S. Army Group in Greece. There are 41 officers and enlisted men in the Mission's U. S. Navy Group.

In addition to furnishing the Greek armed forces with modern equipment, the Mission is devoting considerable time to the training of Greek personnel in the operation of the equipment. This is particularly true of training in the use of modern signal equipment. Over 4,000 Greek officers and soldiers have received signal training either by American experts or by Greek instructors trained by the Americans. As part of the air training program, 50 Greek Air Force cadets have been sent to the U. S. for flight training.

### SUPPLIES FOR THE GREEK PEOPLE

Austerity conditions prevail generally in Greece; food consumption is abnormally low, judged by American standards. There is no starvation, however, and living standards are above a mere subsistence level — the direct result of the importation by the Mission of supplies needed by the Greek people.

In the period immediately following the war most of the supplies imported into Greece were brought in by UNRRA and then distributed by the Government or were imported directly by the Government. While it is still necessary, under existing conditions, for certain imports to be handled by the Government, trade is being restored to commercial channels as rapidly as possible. Approximately three-fourths of the Greek expenditures for imports in the first quarter of 1948, or the equivalent of about 100 million out of a \$42 million total, were made by private importers.

In the period from the beginning of the aid program, through the end of May 1948, 180 ships arrived in Greek ports with 580,000 tons of food and other needed supplies and equipment, brought in under Mission auspices. These supplies are in addition to the imports of military equipment and supplies, petroleum products, and the construction equipment and material brought in by the American contractors. Foodstuffs account for more than three-fourths of the total tonnage, as indicated by the following breakdown.

	<u>Long tons</u>
Foodstuffs	443,000
Coal	85,000
Agricultural supplies & equipment	35,000
Iron and steel	5,000
Medical & sanitation supplies	2,500
Other supplies & equipment	100

580,700

Supplies imported into Greece by the Mission under the U. S. foreign relief program account for approximately 260,000 tons of the total shown above. These supplies represented a total cost to the U. S. of about \$36 million, broken down as follows. Figures are in millions of dollars.

Wheat	23.4	Dried beans	1.8
Wheat flour	5.4	Evaporated milk	4.5
Soya flour	0.6	Dry skim milk	1.8
Fish	0.8	DDT	0.1
Macaroni	0.3	Medical supplies	0.3

All of these relief supplies were furnished by the U. S. to the Greek Government without charge. Many of the supplies, such as medicines, milk for children, and foods for expectant and nursing mothers, were distributed free by Greek welfare agencies. Other supplies were sold by the Greek Government; the proceeds from such sales were deposited in a special Relief Drachma Fund which was used to help provide for the more than 500,000 refugees who have been driven from their homes by the guerrillas. The total of deposits in this fund, from the sale of relief supplies, will reach a total of approximately 204 billion drachmas.

The other 327,000 tons of supplies imported under the Mission program, including part of the foodstuffs and all the coal, agricultural supplies, steel, and industrial equipment, were paid for from the U. S. funds provided under the Greek Aid Program. Proceeds from the sale of these goods by the Greek Government are placed in a special Drachma Reconstruction and Agricultural Rehabilitation Fund. The drachma costs of the Mission's reconstruction and agriculture programs (for Greek labor, materials, and services procured within the country) were paid from this fund. Deposits made in the fund through May 31 totaled 363 billion drachmas. It is expected that future deposits will bring the total to 507 billion. Of this total, 74 billion will come from the sale of agricultural rehabilitation supplies and 3 billion from medical supplies.

The Foreign Trade Administration, which was established by the Greek Government on the recommendation of the Mission, has played an important part in Greece's foreign trade. This Administration, headed by an American, and the Mission have given help to the Greek Government and to commercial importers in programming imports so that the supplies most needed would be imported, the available foreign exchange used to the best advantage, and goods procured at the most advantageous prices. Help has also been given in locating materials in source world supply.

Large quantities of supplies needed in the Greek economy which had been imported by UNRRA or bought under U. S. war surplus credits had accumulated in Greek warehouses. It was estimated that such warehouse stocks on October 15, 1947 totaled \$75,000,000. The Mission cooperated actively with the interested Greek agencies in inventorying and classifying the stocks and in getting them distributed. By the end of May stocks of

food, clothing, machinery, and other supplies amounting to \$50,500,000 had been moved into channels of trade and consumption in all parts of Greece. Additional quantities were continuing to move, in a steady stream.

Importation of supplies into Greece has been expedited by the restoration of the Greek merchant fleet and improvement of port facilities. The Mission has aided the Government in acquiring a fleet of liberty ships and seven large tankers. Reorganization of port facilities has facilitated the unloading of vessels and has speeded up shipment to the outports.

### RECONSTRUCTION

The physical facilities of Greece suffered severe damage and deterioration during the long years of war, occupation, and revolution. Bombings during the war, destruction by retreating enemy armies, further destruction by the guerrilla bands, the heavy military traffic on the highways with little or no maintenance work done, all contributed to the breakdown of the Greek economy. Surface transportation between important areas of Greece is still impossible. A reconstruction program, to take care of the greatest needs, is under way and rapid progress is currently being made.

Highway, port, canal, airfield, and bridge projects of the Mission are being executed under the direction of the U. S. Army Corps of Engineers and by two groups of experienced American contractors. Other reconstruction projects, including housing, schools, public utilities, recreation, telecommunications, and many other establishments, are carried out by the Mission in cooperation with Greek Government agencies.

Greek subcontractors have been employed to the greatest extent practicable; work is done mainly by Greek labor, and local materials are used where possible. Dollar funds of the Mission are expended on American personnel, equipment, and materials. The amounts necessary to pay for local labor, materials, and services come from the drachma receipts of the sale of consumer goods imported into Greece with American aid funds. Thus the money which the Greek people pay for American goods is used for the reconstruction of Greece.

There have been innumerable obstacles in the Mission's reconstruction program. Perhaps the greatest is the lack of security. Greek contractors have been reluctant to work, and in some cases have refused to work, in certain guerrilla-ridden areas. Project employees have worked constantly in fear of guerrilla attack. The Greek Army has been unable to furnish adequate numbers of armed guards. There have been several cases where Greek workers on American projects have been captured by guerrilla bands. There have been times when completed work of the Greek Government such as bridges and railways have been



repeatedly blown up. Machinery has been sabotaged. Road mines are providing an ever-recurring danger. Often road transport to projects is halted until access roads are cleared, of mines. As yet there has been no loss of life among the several hundred American citizens working on reconstruction projects throughout Greece; there is, however, continuing danger.

Employment for approximately 27,000 Greek workers was provided on Mission-sponsored reconstruction projects in Greece as of June 1.

Progress on the various projects is summarized below.

**Corinth Canal.** German demolitions in the rock walls of this deep-cut canal created two tremendous rock and earth slides that completely blocked all traffic. Demolished bridges, rail cars, and ships were also placed as obstructions. It was necessary to obtain and to transport considerable heavy equipment to the canal site before operations could begin. Work is now progressing satisfactorily and the canal should be cleared and opened to limited traffic by July 4 and to its capacity by the first of September. With the opening, traffic will again be able to flow from western Greece, largely isolated by a central range of mountains, to Athens and other areas on the eastern side. Ships sailing from the west coast to the east coast of Greece have previously been obliged to travel up to 400 miles around the Peloponnese.

**Ports.** Reconstruction work is being carried on by the Mission at Greece's three most important harbors -- the ports of Piraeus (Athens), Salonika, and Volos.

At Piraeus, extensive work has been under way on the repair of quay walls and the dry dock. By June 1 the work was estimated to be about 40 percent complete. At the port of Salonika, work is satisfactorily progressing on the rebuilding of the breakwater and a damaged quay wall. This project likewise was about 40 percent completed by June 1. At the port of Volos, a crew of divers has explored the condition of the large government pier, and equipment and personnel are being assembled for its reconstruction. All work now under way is scheduled for completion by or before the end of December.

**Airports.** The Mission has made rapid progress in a construction program to improve major airfields in Greece, many of them urgently needed for air operations against the guerrillas.

At Eleonike (sometimes known as Kressani), the Athens airport, the program was approximately 90 percent complete by June 1. The project included renovation of the drainage system, an adequate night lighting system, improvement to the radio communications system, and other repairs, including resurfacing of the main runway. Resurfacing operations required large quantities of crushed rock and the setting up of an asphalt plant at the field. The laying of steel planking and other

work on runways, control towers, parking strips, etc. are practically complete at the airfields at Salonika, Larissa, Kozani, Katsika, and Kavalla. Similar projects are under way at Jannina and Tripolis.

Highways. A program for surfacing 1,900 kilometers of important trade and military routes in the national highway system is about one-fifth complete. War machines, demolition of bridges, time, and neglect have all resulted in deplorable highway conditions, and highway transportation in Greece has been all but paralyzed. Rock quarries have been put into operation and equipment has been obtained and put in operation. Work has been completed on certain high priority roads and has been begun on numerous others. Commercial transport and the Greek armed forces are deriving invaluable aid from the use of the highways already reconstructed. Travel by road between some of the largest cities, however, still remains impossible. The present road reconstruction program will be completed by December 31, barring unforeseen delays.

Railway Bridges and Tunnels. The Mission is building a high-level railway bridge across the Corinth Canal, is rebuilding several demolished railway bridges on the rail line from Athens to Salonika, and is repairing the Stralis railway tunnel on the same line. The long tunnel is blocked by slides and water accumulations caused by German demolitions.

Housing. As in the United States, housing is a serious problem in Greece, although considerably worse because of war-time and guerrilla destruction. The Mission has provided 14 billion drachmas for emergency shelter for some of the more than 600,000 people in Greece who have been driven from their homes by guerrilla activity; 7,600 rooms to house over 7,000 families have been constructed or repaired for these people. The Mission is also contributing about 32 million and 66 billion drachmas for the repair or replacement of war-damaged homes in hundreds of towns and villages throughout Greece for other than refugee families.

Other Projects. The Mission is aiding in a large land reclamation program throughout Greece, a project to expand the Athens-Piraeus water supply, the improvement of the Athens-Piraeus sewage works, the improvement of the Greek telecommunications system, improvements at certain shore establishments of the Royal Hellenic Navy, and a 3 billion drachma program for the repair of war-damaged schools.



## AGRICULTURAL REHABILITATION

It has been impossible for Greek agriculture, with the practices employed, to produce nearly enough food for the needs of the people. Arable area per person is low; the land has been used and abused for many centuries; full utilization has not been made of crops produced; many modern practices have not been introduced, especially on the farm level.

Agricultural production declined to a still lower level during the war and occupation. Buildings and equipment were destroyed or damaged; livestock numbers were reduced; fertilizer supplies were inadequate; the quality of seeds deteriorated.

The Mission, in cooperation with the Greek Government, has developed a broad program of agricultural rehabilitation, designed to reduce to a minimum the gap between the food produced and the food consumed in Greece. As a part of this program, the Mission has allocated about \$25,000,000 of aid funds for the importation of necessary agricultural and fishing materials and equipment and the necessary know-how to make efficient use of them. In addition, approximately 60 billion drachmas, derived from the sale of the imported agricultural supplies, have been allocated to help increase the volume of production and the effectiveness of the food supply, again through the use of research, training and extension techniques.

Accomplishments to date on various phases of the agricultural program are summarized below.

Supplies. Mission funds have been used to procure 40,000 tons of fertilizer, 16,000 tons of sulphur and copper sulphate for spraying vineyards and orchards, 2,000 tons of other pesticides and insecticides, 2,750 tons of certified seed wheat, and other seeds.

Farm Machinery. A program has been undertaken for the importation of machinery and equipment, including 700 tractors, 1,000 pieces of other machinery, and large quantities of spare parts. Greek production of vitally needed equipment is being expanded with "loan" help. Repair shops are being established in 31 agricultural centers and courses are being given to train mechanics to teach farmers in the operation, repair and maintenance of farm machinery. To this important program there has been allocated \$3,000,000.

Water development. A large-scale well-drilling program is being financed by the Mission: equipment, including more than 2,000 pumps, imported from the U. S.; Greek well-drilling crews trained by American specialists; financial and technical aid given to cooperatives and other groups to enable them to procure and operate well-drilling equipment.

Land development. More than 150 projects, with initial cost of 11 billion drachmas, have been planned and financed by Mission and Greek Government; this program provides for 180,000

were to be drained or irrigated; 15,000 acres to be put into cultivation for the first time; 5,000,000 trees to be planted; nurseries established to grow 15,000,000 seedlings for later transplantation.

Modern Methods and Techniques. Expanded programs of agricultural research, training, rural education, and extension have been rehabilitated and developed in cooperation with government and private agricultural agencies, costing \$522,000 and 12 billion drachmas. The programs provide for reconstruction of war damaged buildings and other facilities and establishment of cooperative projects within the government and between governmental and private agencies. Twelve outstanding U. S. professional agricultural training specialists are in Greece to train agricultural administrators and technicians in methods of assisting Greek farmers in improving their economic condition; the fields represented in this group include agricultural statistics, farm machinery operation, truck and citrus crops, seed production, vocational agriculture, agricultural research, forestry, agricultural extension, horse raising, irrigation and drainage, and fishing.

Livestock Improvement. Two artificial insemination stations are in operation; sero-biological laboratories are being constructed and enlarged; six animal clinics are under construction; 30 dipping vats are planned; six livestock stations will be repaired and enlarged; veterinary services have been improved for Ministry of Agriculture and Near East Foundation with Russian assistance).

Marketing and processing facilities. \$5,000,000 and 32 billion drachmas have been allocated for such facilities: cold storage warehouses constructed at four ports; plans for establishment of fish docks and freezing concentration stations; refrigeration equipment provided for fishing boats; 20 cream-making and 3 milk pasteurization plants to be constructed; canning plants expanded; agricultural storage capacity expanded throughout Greece; equipment procured for processing olive oil, cotton, and animal fats.

## INDUSTRIAL REHABILITATION AND EXPANSION



Greece is not an advanced industrial nation, and was not in the pre-war period. Lack of basic raw materials, fuel, and power have prevented any high degree of industrialization and made the country dependent on imports for a large proportion of needed manufactured products. During the war and occupation factory buildings were destroyed, industrial machinery and equipment were destroyed or taken away, technical skills of the workers deteriorated, and there was no training of workers. Consequently, when the war was over, the rate of industrial production was extremely low. At the present time it is back to only about 85 percent of the pre-war level.

If Greece is to become a nation independent of external aid, production must be raised very substantially above the pre-war level.

In addition to the physical and basic economic factors which retard production, there are other conditions restricting output which must be eliminated. Local capital is available to industry only in limited amounts and at exorbitant rates of interest. There are restrictive laws and government regulations which discourage production. There are various taxes which have the same effect. The Mission is working with the Greek Government and Greek industrialists in a joint effort to bring about conditions in which industry can expand and make its contribution to a strong and healthy economy.

The Mission's industrial program has two objectives. The first and immediate one is to repair the damages of war and occupation and restore industrial production to the 1930-39 level. The second is to expand Greek industry so that it can provide more employment for the Greek people, and enable them to raise their standard of living.

Mission experts from various branches of American industry have cooperated with Greek industrialists to help them solve their problems of repair and rehabilitation of plants, importation of necessary raw materials, obtaining needed machinery and equipment to modernize and expand their operations, acquisition of new capital, and expansion of exports. Particular stress has been placed on the development of hydro-electric power and the expansion of the chemical, steel, and textile industries.

UNRRA and war-surplus machine tools which had been brought into Greece and stored in warehouses were priced, put on display, and sold to industrial enterprises which were eager to buy them and put them to productive use. Arrangements have been made to distribute in the same way the machine tools received as German reparations. A considerable number of the German tools will be turned over to trade and technical schools for use in training courses.

Particular attention has been given to the production by Greek industry of items needed in the country which have previously been imported. Projects have been initiated, for example, for the production of steel drums for the export of olive oil and for the manufacture of binder twine.

Loan funds totaling \$10,500,000 and 134 billion drachmas have been or will be allocated by the Mission, according to the present program, to make long-term loans for industrial reconstruction and expansion.

The labor movement in Greece in September 1947 was in a confused and disorganized state. This reorganization was not surprising in view of the constant suppression exerted upon it from the time of the Metaxas dictatorship in 1936 through the Albanian War and the Italian and German occupations. Even the liberation did not free trade unions, so that it could begin a healthy new life, for communist influence gained the election of sitting outright communists or fellow travelers at the 8th National Labor Congress in March 1946. The undemocratic nature of these elections was presented to the courts which declared the elections illegal. The Minister of Labor then appointed officers but the courts declared this action illegal also. Then the courts themselves appointed an Executive Committee for the Confederation of Labor, dividing the 21-seat membership equally among representatives of the Right, Left and Center political parties. Nominations were submitted by the interested parties. However, five of the seven Leftists, who were communists, refused to take their seats.

Because of the conflicts just mentioned, there had been little opportunity for the Confederation of Labor to study the needs of its workers or to present a program whereby it might expect to achieve the most benefits for its membership without endangering the already badly balanced economy of the country. It was in this atmosphere that the Mission's Labor Division began its work.

A nation-wide general strike scheduled for October 14 was averted with the help of the Mission. The Prime Minister in a historic speech on October 15, in which he outlined the policies of the new coalition government, stated that a wage-price policy committee could be set up. This committee was composed of representatives of labor, management and government and as advisers the heads of the Labor and Industry Divisions of AUSA. The Prime Minister further stated that in the future no governmental action vitally concerning labor would be taken without previous consultation with labor representatives.

As a result of negotiations carried on in the wage committee, the first freely negotiated collective agreements since before the Metaxas dictatorship were concluded on November 4, 1947.

The feeling of satisfaction at this accomplishment was somewhat dimmed when, on December 7, 1947, without any consultation with AUSA, the now famous anti-strike resolution was passed by Parliament. This law has since been repealed, on May 7, 1948, without ever having been invoked.

The convening of the 9th National Congress of the Confederation was the first Congress (other than the communist-dominated 8th Congress of March 1946 whose elections were later declared to be illegal) since the Metaxas days. This

Congress was anticipated as an event of democratic significance not only to Greece but to labor in all the Balkan countries. The Congress convened in Piraeus on March 28 and was observed by a fraternal delegate from the AFL as well as by the American and British Labor Attaches and the Director of the Labor Division of AMAG.

The Congress, unfortunately, became primarily a personal contest for the post of Secretary-General and there was little time for any sober discussion of the very real problems facing the labor movement. With the settlement of this contest on June 2, it is now possible for the Confederation to turn its attention to contributions which the labor movement can make to Greece's economic recovery.

A serious handicap to industrial rehabilitation and expansion in Greece is a shortage of technical manpower. The vocational training system in the prewar period was inadequate, and such training programs as did exist were largely stopped during the war and occupation. A sound and progressive system of vocational and industrial training is essential if Greek industry is to expand. A training program has been developed by the Mission and a proposed law providing for the necessary governmental action has been drafted and submitted to the Greek Government, with a recommendation for early enactment by the Parliament.

The Greek social insurance system has fallen into popular dispute. About 800,000 persons, excluding dependents, have some form of social insurance protection. About half of these are covered by the leading social insurance institution; the remainder are covered by more than 100 "funds". Extremely high administrative costs, inefficient personnel, lack of centralized supervision, low benefits, and political interference are factors which have contributed to the loss of public confidence in the services rendered. Mission staff members have made a comprehensive study of the Greek social insurance administration and have submitted a report embodying their recommendations, including an extensive revision of the existing program. The adoption of these recommendations will provide better service to the contributors at a lower cost to the Greek economy.



PUBLIC HEALTH

Compared with American standards, Greece has never had an adequate health system. The war, with its resultant period of empty occupations followed by civil strife, resulted in further deterioration of the nation's health. During the war 17,000 persons died from starvation during one year in Athens and elsewhere. Anthrax, typhoid, and a nationwide maul contributed to an increase in the death rate from tuberculosis to almost epidemic proportions.

To cope with the many and varied health problems of a war-torn nation, the Mission provided a small but well-trained unit of medical officers, sanitary engineers, public health nurses, a hospital administrator and medical supply expert, obtained largely by assignment from the U.S. Public Health Service. The medical officers included a tuberculosis consultant, a nutritional consultant and two officers trained in local health services. The public health nurses included two persons trained in nurse education.

Malaria has always been a scourge in Greece. Before World War II there were normally between one and two million cases a year; in years with heavy rainfall there were between two and three million cases a year. Thanks to the use of DDT introduced by UNRRA and now accepted by AIAO in cooperation with the World Health Organization and the Greek Ministry of Hygiene, the number of cases has been reduced to 20,000 to 100,000 cases a year. The methods of malaria control include house spraying, air-spraying and hand-spraying of small bodies of water. Last year about 8,000 villages were house-sprayed. This year the air-spray activities require 28 planes for a combined program for malaria control and to rid the olive trees of certain insects.

The greatest public health need in Greece is for more trained nurses. At the present time there are less than 100 trained nurses, a ratio of 1 to 17,000 persons as compared with 1 to 500 persons in the U.S. and Great Britain. The number of student nurses has been increased and plans are being developed to open several schools of nursing. Realizing that Greece will have to depend upon practical nurses for many years to come, a training project has been developed to provide in-service training for those nurses.

Tuberculosis is still the greatest cause of death among young persons. The Mission's Public Health Division has been instrumental in arranging for a team of experts in the BCG vaccination to come to Greece from Denmark. The Mission has approved a large appropriation of Greek funds to provide 20 BCG teams which will tuberculin test and vaccinate suitable persons on a large scale. Six Danish physicians have been sent to the United States and to Denmark for special training.

Much of the work of the Public Health Division has been in connection with the guerrilla-stricken refugees the number about 400,000 persons. By providing vaccines and anti-tetanus immunization programs by the Greek Ministry of Hygiene, major epidemics have not occurred. Medical supplies have been sent to guerrilla-stricken areas in large quantities. Sometimes it has even been necessary to drop these supplies by parachute in regions surrounded by the guerrillas. Members of the Public Health Division have frequently visited the guerrilla-stricken areas giving advice on insularity conditions.



The Public Health Division has been responsible for the distribution of many medical supplies left by UNRRA. The distribution of these supplies has prevented the necessity of having to import them from the United States. The Division has been responsible for scheduling the importation of over \$2,000,000 worth of medical supplies and DDT from the United States for use in Greek government hospitals and health centers and has served as technical adviser in developing a well balanced medical import program in cooperation with the drug trade of Greece.

Realizing that Greek physicians had not been able to keep up with the latest advances in medicine, arrangements were made for a number of American medical professors under the auspices of the Hellenic Service Committee to visit Greece and give lectures and hold clinics at the Universities of Athens and Salamina. This exchange of ideas has done much to strengthen the bonds of friendship between American and Greek physicians and scientists.

\*\*\*\*\*

### GOVERNMENT ORGANIZATION

When the Mission came to Greece it found the Government administrative machine poorly organized, badly operated, and over-centralized in Athens. The Civil Service, due to the ravages of war, occupation, and a revolution, coupled with a severe inflation, was over-stuffed and weak. There were more than 80,000 civil servants in contrast to the 60,000 employed before the war. In addition, pension rolls were badly swollen with more than 180,000 pensioners and numerous cases of persons receiving pensions to which they were not entitled. Well aware of these abuses and of the fact that its services were inefficient and poorly administered, the Greek Government in the exchange of notes preliminary to the Greek Aid program announced "an extensive program to improve its governmental organizations and civil services which is as disrupted by the long years of war." In order to carry out a program the American Mission was requested to help the Greek Government in an effort to reorganize, simplify, and decentralize its administration, improve its civil services, and to revise educational training methods.

These reforms are necessary in order that the funds which the United States grants to Greece may be most effectively and fully used for the reconstruction and rehabilitation of Greece.

To further this work the Greek Government created a law establishing the Greek-American Committee on Government Organization composed of top administrative officials to work with members of the Mission on administrative methods and techniques. The Joint Committee under the able chairmanship of a Supreme Court Justice has been most effective. Specific recommendations in governmental organization and public administration are as follows:

#### 1. Decentralization of the Government

A chronic fault of the Greek Government is that it is over-centralized in the capital. Previous missions have stressed this fact and have urged that something be done about it. Field trips taken by the staff confirmed the fact

there was a great need for a better administered and a more decentralized Government. Numerous examples were cited of over-centralization and faulty administration. This was due in part to the fact that the Government was too far removed from the people. One of the accomplishments of the Joint Committee and of the Hyslop was to develop a plan and draft the necessary legislation for the decentralization of the Greek Government. Under the plan, Greece would be divided into 11 districts each with a Governor-General whose qualifications would be fixed by a special statute.

Public hearings on decentralization conducted by the Greek-American Committee on Government Organization the plan received enthusiastic, widespread support throughout Greece. Numerous delegations from the provinces including the members of Parliament have expressed their approval and urged AAG's support of the plan.

Both the Prime Minister and the Deputy Prime Minister have expressed their support for the decentralization plan which will soon be submitted to Parliament for early adoption at its present session.

## 2. Civil Service

The overstaffed and inefficient civil service was inadequate to carry on the day-to-day operations of the Government, not to mention the expanded and vigorous military and economic programs needed in time of crisis. Emergency measures were taken designed to improve the effectiveness of the government and to alleviate the undue budgetary drain caused by civil service charges. These principally comprised (1) a reduction-in-force program aimed at the release of 13,000 surplus employees (8,000 were actually released); (2) an increase in the work week from 30 to 40 hours; (3) elimination of overtime pay; (4) a reduction in extra pay for service on committees and councils. The application of these measures has resulted in general improvement in the efficiency of the public service and has saved approximately 75 billion drachmas.

Realizing that these emergency measures offered no permanent solution to the problem, a study was begun of existing civil service legislation and the extent to which the laws were being complied with. As a result of several months' study of the civil service system, a comprehensive civil service law has been drafted and is being recommended to the Government for enactment.

## 3. Government Reorganization

Detailed organization surveys have been made of 14 of the more important ministries and several other government agencies. As a result of American advice, Parliament passed legislation establishing a Foreign Trade Administration within the Ministry of National Economy, to control exports and imports, and reorganizing the Ministry of Supply to give it more effective authority over the distribution and rationing of supplies to the people. Laws pertaining to the reorganization of several other ministries have been drafted.

## FISCAL AND BUDGETARY PROGRAM

During the German occupation and the postwar period Greece experienced two ruinous inflations. The first of these culminated at the end of 1944 and resulted in a currency conversion whereby 50 billion old drachmas were exchanged for 1 new drachma, thereby wiping out all bank deposits and drachma savings and leaving with the Greek people a lasting fear of inflation and lack of confidence in their currency.

Owing in part to the continuing effects of the war and of the German occupation and in part to the present struggle against the bandits in Greece, government expenditures have continued greatly to exceed revenues. The government is unable to borrow money in Greece because the people who have business are doubtful about its stability and fearful about the future, in consequence any budgetary deficit can be met only by printing new money. In addition any substantial extension of credit for essential loans must be financed by means of the printing press, in spite of careful controls, the amount of currency in circulation increased by 80 percent during the past year.

This increase was directly reflected in higher prices. The rate of increase in the monetary supply far exceeded the rate of domestic production and of imports of consumer goods. Because of their fear of the future, manufacturers have held back on production, farmers have hoarded their produce, merchants have avoided building up inventories, and importers have gone slow to purchase abroad.

Greeks who have assets have hesitated to invest in productive enterprises and have preferred to use their funds for speculation and for resources to all kinds of hedges and safeguards. The most popular of these is the gold conversion, which has become a barometer of morals. The heavy demand for highly liquid assets has forced up the prices of those goods which are available, because almost all wholesale transactions are based on the rate at which the proceeds of sale can be converted into gold conversions, dollars or other foreign exchange. Higher wages, salaries and pensions intended to offset higher living costs have only increased the inflationary pressure.

There was a real danger that this situation would get completely out of hand. Runaway inflation followed by panic and collapse would have wrecked the entire American aid program. In order to prevent this chain-reaction, the Greek Government with the assistance of the American Mission took the following measures:

1. Formulation of a government budget providing for maximum tax revenues and for drastic cuts in non-essential expenditures.
2. Establishment of expenditure control; to assure compliance with budgetary ceilings.
3. Allocation of bank credit to the most productive uses.



# AID TO GREECE

## FUNDS MADE AVAILABLE

Under original program:

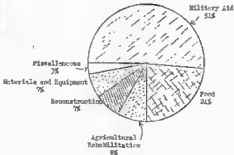
Greek Aid Program	\$300,000,000
Foreign Relief Program	28,000,000
Total	328,000,000

Funds for Greek aid under the second year of the program will come from two sources. Military aid will be financed from funds appropriated by the Congress for military assistance to Greece and Turkey. Economic aid will be provided from the funds appropriated for assistance to 16 countries under the European Recovery Program.

## DISTRIBUTION OF AID FUNDS

1947 - 1948

Total Program: (\$328,000,000)



MISSION PERSONNEL  
As of May 31, 1948

Division	Mission Employees				Dependents <sup>1</sup>
	Total	Americans <sup>2</sup>	Greek	Other <sup>3</sup>	
Office of Chief	31	18	13	-	8
Public Finance	25	10	14	1	15
Civil Government	13	8	4	1	5
Commerce and Supply	21	12	8	1	10
Public Health	42	18	20	1	14
Distribution	20	8	12	3	11
Agriculture	68	30	24	-	16
Reconstruction	18	8	8	-	16
Industry	40	14	22	2	7
Labor	7	4	3	-	8
Information	22	7	14	-	3
Legal	12	8	7	-	4
Foreign Trade	8	2	8	1	8
Relief and Welfare	29	8	16	3	3
Administrative					
Staff Office	8	4	1	-	7
Fiscal	24	13	10	3	5
Reports	8	4	-	1	-
Admin. Services	217	8	209	8	7
Personnel	12	8	8	1	8
Field Service					
Salonika Office	7	4	3	-	3
Army Group	594	347 <sup>2</sup> / <sub>1</sub>	44	3	66
Navy Group	46	41 <sup>1</sup> / <sub>1</sub>	4	-	33
Total	1,168	571 <sup>2</sup> / <sub>1</sub>	571	28	289

<sup>1</sup> Employees sent from the U. S. and regularly assigned to the Mission.

<sup>2</sup> Includes 18 British nationals, who have been hired locally. The remaining employees are primarily Americans who are dependents of Mission personnel, who are hired locally, and who work on a part-time basis.

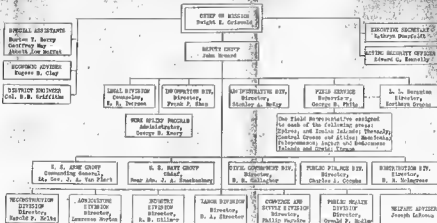
<sup>3</sup> Includes 218 U. S. Army personnel.

<sup>4</sup> All U. S. Navy personnel.

<sup>5</sup> Includes 3 consultants on temporary assignment.



AMERICAN MISSION FOR AID TO CHINA  
as of June 15, 1945



B File

# CHRONOLOGICAL SUMMARY OF DEVELOPMENTS IN AMERICAN AID TO GREEK PROGRAM

1947

- Jan. 13 American Economic Mission, headed by Mr. Paul Porter, departed for Greece.
- Feb. 24 British Government notified U. S. Government that it would be obliged to discontinue financial and economic assistance to Greece as of March 31.
- March 3 Greek Government asked the U. S. Government for financial, economic, technical, and administrative aid.
- March 4 Secretary of State Marshall reported the Greek request for aid, "a matter of primary importance to the United States."
- March 12 President Truman delivered message to Congress, asking aid for Greece and Turkey.
- April 30 American Economic (Porter) Mission submitted its report on Greece to the Department of State.
- May U. S. military and naval missions arrive in Greece.
- May 22 President Truman signed the statute authorizing aid to Greece and Turkey in the amount of \$470,000,000.
- May 31 President Truman signed statute authorizing relief to countries devastated by war (including Greece).
- June 15 Preliminary note from Greek Government to U. S. Government outlining proposed economic measures for Greek recovery with the help of American aid.
- June 16 Governor Griswold appointed head of the American Mission.
- June 30 Agreement on aid to Greece signed in Athens.
- July 14 Governor Griswold arrived in Greece.
- July 30 President Truman signed statute appropriating \$400,000,000 for aid to Greece and Turkey for period ending June 30, 1948, and funds for foreign relief.
- August 2 First shipment of American military supplies for Greek Army under aid program arrived in Greece.
- August 21 First shipment of relief supplies under U. S. foreign relief program arrived in Greece.
- Oct. 12 Foreign exchange certificate plan, in effect doubling the dollar, put into operation.



- Oct. 13 Foreign Trade Administration, headed by an American, began operations in Ministry of National Economy.
- Nov. 7 First report on assistance to Greece and Turkey submitted to Congress.
- Dec. 13 Mission issued first report on its operations to the Greek people.

1948

- Feb. 16 Second report on assistance to Greece and Turkey submitted to Congress.
- March 12 Mission issued second report to the Greek people.
- April 3 President Truman signed the act authorizing military assistance to Greece and Turkey, amounting to \$275,000,000, in year ending June 30, 1949, and economic aid totaling \$5,300,000,000 to 16 European countries (including Greece) in year ending March 31, 1949. (This act authorized aid in the amounts indicated; funds to implement the program would have to be appropriated in a subsequent appropriation act.)



# PRESS RELEASE

## ECA MISSION TO GREECE

ECA, Information Division, Room 501 - Treasury Building, ATHENS, Greece. - Telephone: 24-72, Extension 224 and 72  
Cable: ECAATHENS  
FAX: Delivered through facilities of the UNITED STATES INFORMATION SERVICE, Extension 224, ATHENS

Pa. 1326



1 March, 1951  
(For Sunday Press)

### CHRONICLE AMERICAN AID ACTIVITIES IN GREEK LABOR MOVEMENT

ATHENS -- Following is the first of a series of weekly articles running up achievements of American Aid in various spheres of the national recovery effort in Greece. The series will cover most of the fields in which the United States has tried to assist Greece toward national self-sufficiency, from the end of World War II to the beginning of 1951. This article concerns the field of labor and management.

• • • • •

In July, 1946, when the American Mission for Aid to Greece (AMAG), the agency which had administered the Truman Recovery, was officially succeeded by the Marshall Plan, the AMAG labor advisors already had managed to persuade Greek labor and industry to cooperate. In September, 1947, on a collective bargaining agreement which formed the basis for a new national wage policy.

The wage situation throughout Greece had been chaotic before this policy was established. For, if any, attempts had been made to comply with the previous nebulous "wage policy", although one was formally on the books. The new agreement, freely arrived at after negotiation between organized labor and industry, brought order to the wage picture, and was used thereafter by the Greek Government and the Marshall Plan Mission in consistent efforts to maintain wage levels, although improved production and the rising cost of living have since resulted in approval of certain wage increases. Meanwhile, continuous effort was applied to foster genuine free collective bargaining practices within the general framework of economic stabilization.

The labor movement in Greece is comparatively new, like the labor movements of all nations, the Greek effort has had to overcome almost every conceivable obstacle. These barriers included employers' opposition, a characteristic common to the development of free trade unions in all nations. There was also political interference from both left and right, and there was communist infiltration and intrigue.

But in addition to these "normal" manifestations, the Greek labor movement also underwent four years of dictatorship in which the movement was established into the apparatus of the State. An all-powerful government dictated the wages, working conditions and social security of the working class, consulting labor representatives only cursorily.

On top of all this, the Greek labor movement was held down by conditions peculiar to Greece, the accidents of history, a decade of war external and internal, wherein Greek workers were forced to endure first enemy occupation, second a bloody communist attempt to seize power in 1944, and thirdly, years of rebellion carried on by guerrilla bands.

Labor personnel of the various American Missions, recruited from American Federation of Labor (AFL) and Congress of Industrial Organizations (CIO) unions, have come to appreciate these conditions and have been caused to regard at the vitality and energy of the Greek working class in overcoming the accidents of history.

American labor advisors worked continuously with the General Confederation of Greek Labor (GSEE) throughout the entire period. With strong support from Greek scientists of all shades of opinion, and assisted by labor colleagues from other free nations who came frequently to Greece to assist in specific problems, the American labor men were instrumental in helping the Greek labor movement to a more sound, constructive and democratic role in the national life.

The trade specialists of the Mission helped receive wage and hour controversies, recommended modern labor legislation and assisted labor and management in planning the increased productivity which all nations considered was the great hope of industrial programming for Greece. At the same time, the Hellenic labor was pressed forward with tasks which on the surface were dull or routine, but which experience had proved to be indispensable to real labor progress in all lands. These routine but difficult tasks to labor progress, following in Greece after a decade of disaster, included a comprehensive statistical system, efficient programs of cooperative training and vocational education, and a social security program which would provide real benefits to the working people who contributed to it.

**STATISTICS.** One of the major factors retarding the development of the Greek labor movement was the lack of comprehensive and reliable statistics. Hellenic labor experts cooperated in 1948 with the GSEE and the Greek Ministry of Labor in preparing and publishing "Cases of Living Reproductive as Worker Families in Greece." This survey, first of its kind in the Balkans, tabulated personal interviews with 800 selected families in 276 major industrial cities. The survey later was expanded to 2,000 more cities, and a follow-up survey of the original group of families took place in the spring of 1950.

The American Mission developed a Case of Living Index, and has compiled periodic statistical data and special studies in labor statistics which for the first time in Greek history have given impartial and factual backing to the needs and aspirations of labor. Previously the ignorance of the Greek working class, due to lack of data, had been forced into purely emotional or political campaigns which often collapsed for lack of foundation. In cooperation with the Ministry of Labor, the Mission laid the groundwork for systematic collection and analysis of labor statistics and fostered legislation, since adopted, which created a Division of Labor Statistics within the Ministry.

**APPRENTICE TRAINING.** The war wrought havoc with vocational programs for training young Greek workers to assume larger responsibilities and more advanced skills. Consequently, an American specialist from the Bureau of Apprenticeship of the U.S. Department of Labor was engaged by the Mission to help develop a comprehensive apprenticeship training program. He helped prepare legislation which later was passed by the Greek Parliament to create an apprenticeship training section within the Ministry of Labor. An increasing number of young men now are hard at work in factories throughout Greece, under the guidance of older, older hands, learning the technical proficiency which will enable them to better themselves and increase the industrial potential of the nation. With systematic on-the-job instruction, and classes after hours, a large group of youngsters is fast moving up the ladder to qualify as journeymen craftsmen, a goal which would have taken many years to attain under the previous system.

A key step in the program was achieved when a joint team of labor, management and government representatives went to the United States under the Marshall Plan technical assistance program to study American methods of apprenticeship training. On their return, this team took an active role in helping develop training procedures in Greece. Picture slides taken on their trip were an effective means of illustrating lectures, and of arousing interest in a modern program in Greece.

With funds furnished by the Mission, the Ministry of Labor obtained 16 movie projectors and four slide projectors and also bought 200 training films and numerous slides from the U.S. Office of Education to show to groups of

B F

Greek learners. Apprentices in Greece now are registered under a standardized apprenticeship system patterned after that of the U.S. Department of Labor.

VOCATIONAL TRAINING. Once a modern vocational educational program had been organized, projects sponsored were executed between the American Mission and the Greek Government providing for rehabilitation of 28 vocational schools with Marshall Plan funds. By the end of 1949, approximately funds of \$2,285,000,000 (22,850,000) had gone into physical reconstruction of these schools and \$3,500,000 in foreign exchange had been spent for modern equipment to be used in training students. Throughout Greece these schools gave first emphasis to such trades as woodworking, automotive maintenance, metal work, and electrical engineering. Dial students benefited by an additional \$50,000 spent for typewriter and office equipment for commercial schools, and sewing machines and other domestic science equipment for home economics institutions.

SOCIAL INSURANCE. Under the IMAG program in the early days of American aid, the U.S. specialists who had been asked to survey social insurance in Greece were soon convinced that the program was far from organized. Two experts from the U.S. Social Security Administration accordingly were brought to Greece to make a thorough study, which they completed just as the Marshall Plan began. On their recommendation, the Greek Government employed an American expert to help coordinate the administration of IKA -- the Greek national insurance system. During 1949, this specialist acted as actual administrator of IKA and many changes were made. IKA since has been returned to purely Greek administration, but as various advice remained through the interim period to help develop and expand the program on a sound actuarial basis, and to prepare plans for an integrated and improved system of social security which would include not only IKA, but various other independent funds as well.

STRENGTHENING OF THE LABOR MOVEMENT. And yet, although American advisers insist strongly on the necessity of such technical measures, they feel that their most lasting and important achievements have been in areas which their Greek friends also feel instinctively are more vital and immediate, the areas of exploitation and international solidarity. The foremost of these their aim is first toward strengthening the labor movement within Greece and helping coordinate Greek labor with the free trade union movement of the West.

Throughout the Marshall Plan period, extending into the present, and at least partially due to the efforts of American labor advisers, communist attempts to control Greek labor have been crushed at every turn by democratic procedures within the labor movement itself. In 1942 began, communist influence in Greek unions was confined to a minority in a few unions, clearly delineated, cut off power, and isolated from mass support, in every single union in which the struggle for control had come to issue, the communists had suffered humiliating loss.

The major and decisive victory was achieved in September, 1949, in the Fourth Panhellenic Labor Congress, organized with the technical help of Mission advisers and with the ardent support of the International Confederation of Free Trade Unions. On the one hand, the Congress adopted a democratic constitution providing for complete reorganization of the Greek Trade Union movement on western patterns -- a reorganization accomplished at the expense of the communists who were defeated lapidarily in their efforts to resist the process. On the other hand, the Congress emphasized and affirmed the Greek labor movement, after years of governmental control was nowhere more clearly shown than in adoption of a democratic platform which stoutly demanded that the Government abolish the previous system of compulsory union dues in favor of a voluntary system, and pressed for repeal of legislation which gave the Ministry of Finance and Labor the power to set wages.

No. 1802

The CGEE continued to cooperate during 1951 with the EGRG in developing international free trade unions, by participating in several inter-European meetings and conferences, and also by adopting a number of measures designed to strengthen labor organizations within Greece.

One such development, pushed hard by Russian labor advisors, was the cooperation within the Greek labor movement of the Federation type of structure. Within this plan, workers in an industry, such as textile factories or flour mills, allied themselves together according to principles developed at the Fourth Panhellenic Labor Congress. Most significant recent example of this tendency was the formation of the Federation of Textile Workers which held its first convention in October, 1951. A number of similar groups were, in various stages of organization at the same time.

In 1950 began, the Greek labor movement gave further evidence of progress in the highly successful meeting of the National Council during January. This organization, composed of the top trade union officials throughout Greece, meets annually to consider the programs of the trade union movement and to develop major policy decisions.

In the entire history of Greek unionism, it is unlikely that there has ever before occurred such a display of unity and strength as was shown during this 1951 session. There were differences of opinion among trade union leaders, and occasional groups associated with other or questions of policy. But throughout the conference, these differences subsided rather than detracted from the observed strength and unity of the trade union movement which the delegates represented. Greek unionists, unanimously stated the following principles of trade unionism by the all shades of opinion which the union leaders represented, were considered finally that the Greek labor movement had come of age, had become a powerful champion of democratic ideals, and had emerged as a major barrier against communist influence.

Another indication of the maturity and responsibility of the Greek labor movement during 1951 was the manner in which it presented its views strongly and systematically on all matters affecting the national economy. In the past, Greek unionism had not been able to fit throughout the nation. Political parties and groups of all shades of opinion, which in years past had often paid only lip service to the needs and desires of the Greek working people, were giving serious consideration to the problems advocated by organized labor. In 1951 indeed, these programs grouped themselves around two main issues:

First, the wage-price problem. Labor was concerned with the rise of prices and living expenses, maintaining that wage changes had not kept pace with the rate at which prices of necessities had increased. Labor maintained, along with middle organized workers' groups in most other western nations, that wage adjustments were necessary. Labor also contended that prices would be raised and held in line, so that the working people of Greece, organized or unorganized, industrial or agricultural, could obtain fair value for goods and services for the wage rate.

Second, Greek labor was in correct advocacy of a scientific pricing system, whereby every Greek could obtain his basic necessities at fixed or limited reasonable prices, through a Government-administered program of distribution.

The organized labor movement in Greece was aware and insistent on both these points, and was aware also which they had affected the interests of the working class. And as 1952 began, all Greek political parties were giving careful attention to their claims. This is the first recognized major achievement in the development of Greek labor in the national arena.

# PRESS RELEASE

## ECA MISSION TO GREECE

ECA Information Division, Room 222 - Tompkins Building, ATHENS, Greece - Telephone 2 26-12, Extension 224 and 221

Disseminated through facilities of the UNITED STATES INFORMATION SERVICE, American Legation, ATHENS

No. 1204

2 March 1948  
(for Sunday Press)

### SUMMARY OF AMERICAN ASSISTANCE TO PUBLIC HEALTH PROGRAM IN GREECE

ATHENS — Following is the second in a series of weekly articles focusing on achievements of American aid in various spheres of the national recovery effort in Greece. The series will cover most of the fields in which the United States has tried to assist Greece toward national self-sufficiency, from the end of World War II to the beginning of 1948. This article concerns the field of public health.

■ ■ ■ ■ ■

The strong ties of friendship between average Americans and the people of Greece are particularly evident in the field of public health. For this is a phase of the Greek recovery effort where organized Marshall Plan assistance is by no means the whole story. Much of the help given to Greek public health represents the spontaneous sympathy of hundreds of thousands of individual Americans who gave what they could to ease the plight of the Greek people, as a direct and personal impulse entirely apart from the taxes they paid to help general European recovery.

Americans were stirred in 1940 by the Greeks' spirited defiance against the Italian attack, and were delighted when the smaller Greek forces forced Mussolini's legions back into Albania. Public campaigns began simultaneously in all parts of the U.S. to collect food, clothing, medicines and money to aid the Greeks. No other nation, except perhaps the Poles, provided such direct and overwhelming response among the ordinary people of the United States. The result, of course, was simple. Both Greece and Finland, small but resilient, had beaten a courageous "no" to the demands of a powerful and contemporary neighbor, and they had beaten the bigger power to a standstill.

It was with a sickening sense of loss, therefore, that Americans reacted to the final conquest of Greece. Assistance became impossible except through international Red Cross parcels which were sent by many Americans throughout the war, and which often were the origin of closer collaboration for whole communities. A door aimed shut on American aid to Greece, and not even gave some out, except delayed and incomplete reports of some of the worst conditions.

But when Greece was liberated finally, in 1944, a great postwar tide of sympathy was released also, surges the length and breadth of the U.S. This produced emotional response found seldom in many wars. There was general public acceptance and support of UNRRA relief work, with the U.S. donating more than 75 per cent of the costs. There was increased backing for such long-established agencies as YMCA and YWCA. And there was Greek War Relief,

The main motive force and leadership for this organization came naturally from Greek-Americans, and the various philhellenic lodges and associations such as AEPGA, which traced ancestral ties to Greece. But the response and

membership was general, among Americans of all creeds and circumstances and national origins. Businessmen indulged their associates for contributions. Menaces held parties to raise funds. And in the schools across the nation, millions of American children slatched pennies they had intended to spend for candy, and solemnly marched up to deposit the money in milk bottles labeled "Greek War Relief."

A large share of this money went for food and clothing to keep Greeks alive. But most of it went into public health. Throughout Greece today, in large cities and small towns, there are gleaming big hospitals and small neat clinics built with Greek War Relief funds, which are permanent monuments to a spontaneous outpouring of sympathy by millions of individual Americans to the people of Greece.

These achievements are important in several ways. In one, because they are substantial. In results, because hundreds of Greeks are alive today who might have died without the care these hospitals and clinics provide. As symbol, because they are a signpost of American goodwill and because the Greeks have never forgotten this manifestation of friendship in the darkest hours.

and yet these accomplishments of private American help to Greece, substantial and important as they are, constitute only a fraction of the total public health achievements of American Aid. The basis for was accomplished under the Marshall Plan, with public funds administered by the American Mission and the Greek Government, according to principles evolved in two centuries of U.S. public health activities, but modified by the realities of the Greek environment.

THE SITUATION. The situation of public health organization in Greece at the end of World War II was devastatingly simple. It was nonexistent. War and competition had washed flat two previous facilities for dealing with public health problems. The state apparatus, already primitive in terms of eastern public health machinery, had been decimated of personnel. Medical men in every country seem to be extreme nationalists, a situation unpleasant to occupation authorities and to quisling regimes. To the doctors suffered untold in the drives for hostages and "unreliable elements."

Public health administration was in chaos. Desperate Greeks, near death from various maladies, paid enormous black market prices for medicines which in some parts of the country were shaking warehouses. No one knew about, or could lay hands on, drugs or equipment which in many cases were surplus to Greek needs. In other cases, not one gram existed in the entire country of basic drugs required by all. And everywhere Greeks suffered from diseases which western science had long ago defeated.

The basic equipment of any national public health program was lacking. Hospitals had been looted or destroyed. Equipment had been stolen or misused. The medical schools were in pathetic shape, lacking equipment, staff, and students. Greek medical libraries had been looted by enemy "specialists" who had calmly appropriated everything of value. Surgeons were undertaking critical operations with instruments which were the best available, but which a self-respecting carpenter would have disdained.

The staff of the public health division in the American Mission, when confronted with this situation, commented that at least they were starting with a clean slate. And then they rolled up their sleeves and plunged into a complicated and taxing endeavor. They secured the nation to find Greek colleagues who would help them in a situation which everyone admitted was virtually hopeless. They found many men and women who worked night and day to restore Greek public health. They found some colleagues whose areas of labor extended to ophthalmology, but whose ophthalmology was skin-deep. As the work advanced, these "experts" were often to be found working longer hours than the average optimists. And belonging both extremes were the rank and file of the Greek General Directorate of Hygiene, who worked full hours, without illusions as to overnight successes, often mildly surprised at the amount of progress made.

The public health activities of American Aid eventually affected almost every phase of Greek life. The major divisions embraced construction, sanitary engineering, public health nursing, tuberculosis control, straightening out the medical supply situation, training of medical personnel, health education among the people, and an extensive program of preventive medicine.

The American Mission public health division included, at its peak in 1955, seven foreign service persons on the Marshall Plan payroll, and 18 commissioned officers of the U.S. Public Health Service, loaned to the Mission under a technical assistance agreement whereby their salaries and living expenses were reimbursed to the U.S.P.H.S. These Americans worked with the Ministry of Social Welfare, the Greek Government agency responsible for the medical care of 8,000,000 persons legally classed as "indigent" (nearly half the population of Greece), and for carrying on preventive health measures for the entire population.

PREVENTIVE MEDICINE. One of the major battles in public health had already been launched by the World Health Organization of the United Nations before the Marshall Plan's inception. This was a fight to the death against malarial, traditionally the great scourge of Mediterranean countries, and especially prevalent in Greece. Malaria has now been reduced to where it no longer is considered a major public health problem.

Marshall Plan sanitary engineers advised the Greek General Directorate for Hygiene in the campaign. Squads of men with spraying machines started thousands of Greek homes annually to drench them with DDT solutions. Greeks rejected houses not only malarial mosquitoes were wiped out, but also many types of household pests which, in addition to being nuisances, also carried other diseases. The sanitary engineers also went to the source of trouble by spraying thousands of acres of swamps which had provided breeding grounds for malarial mosquitoes. Much of this work was accomplished by hand, but in addition great expenses were covered by airplanes which sprayed DDT on areas that men on foot could never have reached.

SANITATION. A major assault was made simultaneously on other diseases endemic in Greece. Through \$2,100,000 worth of sanitation equipment including chlorinators, pipe, pumps and well-drilling machinery imported with Marshall Plan aid. In hundreds of villages, poor water supplies had resulted in typhoid fever. This sanitation campaign achieved results out of all proportion to the money costs, since the villagers contributed free labor to install the pipes and pumps. Out of 736 communities scheduled to receive such equipment, 180 had completed their projects in 1951, and 118 others were in various stages of construction as the year ended. The projects ranged from minor



repairs in existing water or sewage systems, to projects which brought water as much as three miles (five kilometers).

REHABILITATION. After a decade of warfare, in which frost-bite was a normal winter hazard for thousands of men, and land-mines took their toll among both soldiers and civilians, the number of amputees in Greece is estimated now at about 18,000. The two State artificial limb factories were unable to cope with the need of these victims. Under the Marshall Plan thousands of semi-finished limbs, accessories and manufacturing equipment have been imported. Four Greek technicians were sent abroad for training in production of artificial limbs, and British experts were brought to Greece for consultation and advice.

Disabled war veterans and crippled children also were aided through a rehabilitation and vocational training program sponsored by the Marshall Plan. Three foreign physiotherapists were brought to Greece to help. A foreign orthopedic surgeon spent a year in Greece as consultant.

MEDICAL SUPPLIES. When UNRRA came to Greece after the war, the medical supply situation was chaotic. There were serious shortages in some essential medicines. But large stocks of other drugs were scattered throughout the nation in innumerable places. There was virtually no central inventory control.

The American advisers first assisted the Greek Ministry in assessing requirements, and placed orders for more than \$1,000,000 worth of drugs and equipment from other countries. Meanwhile, countrywide inspections disclosed unexpected stocks of other equipment, which were promptly allocated to medical institutions that could use them. At the same time, the Mission public health division worked with the Greek Foreign Trade Administration in screening 8,800 applications by private commercial importers of medical supplies, which eventually amounted to about \$8,000,000.

After the Marshall Plan began, the public health division helped procure another \$1,000,000 worth of medical supplies during the first year, and approved commercial import of an additional \$8,500,000 worth of medical equipment and supplies. Since then, about \$4,400,000 worth of additional drugs and equipment have been imported by the Greek Government under similar arrangements. The quantity of essential medical supplies in Greece is not only sufficient now to cover current needs, but also provides a comfortable margin of essential medical supplies for a long period in event of emergencies. In some categories, in fact, such as the field of antibiotic medicines (penicillin, etc.), the Mission believes Greece may be overstocked. Additional supplies are being purchased, although not to the extent requested by the Ministry.

One of the main factors in efficient distribution of medical supplies to state institutions has been the establishment in 1950 of a central warehouse in Athens. And in 1951, the supply problem was further eased by intensive inspection of all medical storerooms throughout Greece, by teams of investigators from the Mission public health division, the Mission controller's office, and a committee specially designated by the Prime Minister. This program put about \$1,000,000 worth of medical supplies into

No. 1100

active was by prompt issuance to medical institutions, by shipment of surplus supplies, and by closing out excess depots.

**NURSING.** American nursing specialists have worked closely with the nursing section of the Greek General Directorate of Hygiene. With American urging, a Nurse Practice Act was adopted by Parliament in 1940, and the Hellenic Nurses' Association was revived the same year. Both actions have helped stabilize the nursing profession, enhance its prestige, and increase its usefulness to the nation.

When American Aid began, the needs of nurses training were dictated by the realities of the guerrilla war. First priority accordingly went to in-service training of practical nurses already serving in hospitals. When the program was completed in 1940, a total of 1,200 practical nurses and 74 hospital corpsmen had attended training courses of six to eight weeks in 45 institutions.

Second in priority of time but probably more important in long range terms was the training of graduate nurses, who in every nation constitute the professional core of public health work. This training has progressed rapidly, assisted by more than \$10,000 worth of special teaching aids imported for three nursing schools in Athens and Salonika. In Athens, a new addition to the nursing school and home was dedicated at the Greek Red Cross hospital late in December, 1941. This building is one of the most modern in Europe, providing facilities for 60 additional students. Similarly a new nursing school and home was built with American assistance at Salonika, and is scheduled to enroll its first class early in 1942. A standard curriculum of studies was approved by the Nursing Council and is now followed by all schools of professional nursing.

A third major category was that of public health nurses. As 1942 began, the entire backbone of the public health program was swinging more and more toward programs to improve health in the rural areas of Greece which traditionally have lacked medical attention. The key figure in such a program was the public health nurse who would make her rounds among the country people, teaching hygiene practices, assisting in routine ailments, inoculating children against common diseases, and referring serious cases to appropriate doctors.

As 1941 ended, the eleven Greek War Relief Council centers in rural Greece finally had their full complement of public health nurses, since 300 public health nursing bags, purchased through the Marshall Plan, had arrived in Greece for distribution. A public health nursing supervisor, who completed a year of post graduate training in the United States under the technical assistance program, was added to the nursing staff of the Directorate of Hygiene. Thirteen other nurses who completed their studies abroad in 1941 also had resumed their posts in the Ministry.

**CONSTRUCTION.** The most spectacular and easily measurable public health achievements of American Aid have been in the field of construction, with more than 10 million dollars allocated in Marshall Plan funds to build and equip hospitals and other large-scale health institutions. Here are some of these projects which are already completed: two nurses' schools in Athens which provided additional teaching and living facilities for students at the Greek Red Cross school and the State School for Nurses and Visiting Nurses;

a central medical supply warehouse in Athens; a 120-bed tuberculosis sanatorium in Sparta; one health center, St. Nicholas in the Peloponnese; and extensive repairs and renovations in the School of Hygiene in Athens.

Projects under way or nearing completion as 1962 began included three general hospitals in Piraeus, Thessalonica and Samos, with an aggregate capacity of 380 beds; three tuberculosis sanatoria in Salamina, Thessalonica and Iwria, with total capacity of 480 beds; a 200-bed maternity hospital in Athens; and a health center at Kionissia in eastern Thessalonica. Also making good progress was construction work on a public health center at Volos, and the Venizelion Post-Operative sanatorium at Heraklion in Crete.

In two teaching hospitals in Athens, extensive repairs and additions were underway to improve existing facilities and increase capacity by 140 beds, and at Athens Naval hospital, a 300-bed pavilion also had been repaired and opened for use.

Then there were the Great War Relief Association enterprises which included 11 modern health centers throughout rural Greece, two new hospitals which are perhaps the most modern in all Europe, a completely remodeled hospital, and a 300-bed pavilion added to another hospital. The dollar costs, by far the largest portion, were shouldered by Great War Relief, but the American Mission furnished more than \$1,000,000 in drachma counterpart funds to pay local costs for labor and construction.

EQUIPMENT. Nearly all the public hospitals and medical schools of Greece have benefited from the Marshall Plan in terms of modern equipment, imported from western nations with American Aid. The list of such items covers the entire range of medical catalogs. Laundry and kitchen machinery was provided for many hospitals. Athens University dental school received dental chair units, and instruments. The medical schools of both Salonika and Athens universities received such items as X-ray equipment and laboratory apparatus. Teaching aids were imported. Special equipment was brought in for research institutions.

ADMINISTRATION. As in nearly all fields of American Aid to Greece, one of the most pressing and important aspects of the work of the Marshall Plan public health Division was that of administration and proper organization. When the program began, public health was administered by the Greek Ministry of Hygiene. The Ministry later was eliminated during an administrative reorganization designed to streamline the Greek Government to officialdom proportions, and eventually became a directorate within the Ministry of Social Welfare. Meanwhile many other changes in structure came about.

Throughout these shifts, the American public health advisors concentrated on scientific planning for the future. Courses in hospital administration and maintenance were organized, using the experiences gained by a number of medical trainees who were sent to the U.S. or to western Europe under the technical assistance program. A British expert helped reorganize the Athens School of Hygiene. An exhaustive study of medical care facilities was conducted, and findings were tabulated on 181 hospitals, 320 private clinics and 14 health centers. This survey is now being used by the Greek Government to plan future programs.

PRESENT TRENDS. Public health work in Greece was undergoing a radical shift in emphasis as 1952 began. The main facilities, such as hospitals and medical schools, had been restored and expanded with American Aid. Meanwhile the direction of American assistance had changed. The National Security Agency, successor to the NSC, was channeling aid funds into projects of direct defense importance. Funds available for public health projects became restricted for the most part to finishing hospitals and other large construction projects which were near completion.

Aid from construction, the limited American Aid funds for public health were going into two main fields, advanced training of Greek public health specialists under the technical assistance program, and projects aimed directly at combating specific diseases and at bringing public health benefits to rural areas. During the life of the Marshall Plan, 22 physicians, nine nurses, and 10 other public health technicians in various fields had received advanced training in the United States or in western Europe. This program, potentially of enormous value to public health in Greece, continued.

A concerted campaign was begun to wipe out leprosy, venereal disease and trachoma, principally by use of newly developed antibiotic drugs and also by the hiring of six Greek physicians to devote full time to these objectives. Three other physicians were engaged to aid in the improvement of laboratory training and facilities, and all laboratory technicians were receiving special training under American Aid contracts. At the same time, training of X-ray technicians was undertaken.

But the main American effort was being directed toward improving health conditions in the areas which most needed it, the rural parts of Greece. Basically such a campaign was one of education and gradual improvement in water supply, sanitation practices, home health measures, inoculation, and simple principles of diet. The key figures in the program were the sanitary engineer and public health nurse who would visit the villages. But also essential was an adequate supply of patriotic young doctors who might be induced to defer the building up of a lucrative practice in the larger cities for two or three years in order to devote themselves to the country people. The problem was far from simple and far from solved, but the American Mission public health advisers were working hard at it as 1952 began.

# PRESS RELEASE

## MUTUAL SECURITY AGENCY Special Mission to Greece for Economic Cooperation

MIA Information Division, Room 522 - Thomson Building, ATHENS, GREECE - Telephone: 22-771, Telegrams 854 and 772

Distributed through facilities of the UNITED STATES INFORMATION SERVICE, American Presses, ATHENS

No. 1208

14 March, 1948  
(For Sunday Press)

### SUMMARY OF AMERICAN AID IN REBUILDING GREEK HIGHWAYS AND RAILROADS

ATHENS - Following is the third in a series of weekly articles dealing with achievements of American Aid in various sectors of the national recovery effort in Greece from World War II to the beginning of 1948. The series covers most of the fields in which the United States has tried to assist Greece toward national self-sufficiency. This article concerns reconstruction of highways and railroads.

\* \* \* \* \*

Many observers consider the heavy reconstruction work accomplished in Greece with American aid to be the most spectacular single achievement in the recovery program. It is certainly the most visible, and it has changed -- or rather restored -- the face of the nation in the fields of transportation and communication.

Greece lay paralyzed when AMAS aid began. The Greekish District of the U.S. Army Corps of Engineers, and the various Greek Government agencies, faced the task of rebuilding virtually every normal channel of communication throughout the country. For the retreating Nazi forces, determined both to delay payment and to render the country useless to the Allied forces, had systematically destroyed nearly all port facilities, highways, railroads and telecommunications.

Piraeus and the other main Greek ports were a shambles, with breakwaters and wharves damaged, cranes and warehouses destroyed. The Corinth canal was closed. Ships were sent to black strategic channels. Almost all bridges and tunnels were blown up on the rail lines, and German efficiency produced an impossible railway on which systematically damped and detonated dynamite charges against every second rail along hundreds of miles of track as the last trains withdrew. Highway bridges were destroyed, and the smallest villages were blasted. Even the road surfaces were gone, after the passing of military traffic, five years of weather, and utter lack of maintenance.

The situation was made no easier for guerrilla warfare. The isolated Greek forces had little communication and almost no mobility, and the supply problem was a major difficulty. Government bands, which had little use for roads anyway, could slip across country, strike at isolated communities or tiny detachments, and melt back into the mountains before troops could be brought against them.

The AMAS engineers, working with American contractors, ordered their efforts on two fields of equal military priority. One was the reconstruction of major ports so that the American aid supplies could flow into the nation. The other was the job of rebuilding major roads, and constructing and expanding airfields.

No. 1200

Many road crews, deep in disrupted territory, could work only under the protection of large detachments of troops. Trucks were killed. Others were damaged and forcibly inducted into the communist forces. Roads led to the enemy daily for a time, and there was widespread sabotage on one projects, with raiding bands smashing construction equipment and killing staff.

When the Marshall Plan began, the Construction Division took over the program of the Corps of Engineers and expanded work into other fields. Since then, the major sectors in which our situation has been focused are: dams; highways, railroads, ports, civil aviation, electric power, telecommunications, steel rolling, and urban sanitary projects in cities of more than 5,000 population.

ROADS. The main Greek Highway net is now nearly complete, with 3,000 kilometers of road having been reconstructed and covered with some sort of asphalt surface. Only a few small sections remain to be completed on the great north-south road running from Thessalonica on the Turkish border, through Larissa, Ioannina and Athina down to Ioannina on the southwest tip of the Peloponnese. In the northern part of the Peloponnese, the road from Aegina to Corinth and Patras has been virtually completed down the west coast as far as the port of Evrotas. In western Greece, paved highway now links Patras with Arta and Thessalon. One of the most important roads in a mountainous country with few east-west connections, the breath-taking highway that runs over the Pindus range from Thessalon to Trikala, is now complete except for a small section in the Rila Pass, highest in Greece.

Equally as important as the main highway network, in both an economic and a military sense, is the secondary road system, and this is new better than ever before. These roads are disk-crowned for the most part, and with proper maintenance by modern road-building equipment, are best open the year round, except in mountain country where that as far as humanly reasonable is winter. Many hundreds of kilometers of new road have been built, especially to provide easy access to the antiquities and natural sites which are the main attraction for tourism in Greece.

Great progress has been achieved, particularly during 1951, in two other categories of roads. One group consists of military emergency roads built by or for the Greek armed forces, which now penetrate large areas of mountain country formerly inaccessible except on foot or muleback. In wild frontier regions, and in rough tobacco zones which were headst strongholds during the guerrilla war, Greek troops now can move in full fighting kit at instant notice. The other road category in which great has been done is that of self-help roads, with whole communities contributing thousands of man-days of free labor to build rough but serviceable roads to connect their isolated villages with the outside world. Both types of road have received maintenance from American Aid Funds.

As a show physical accomplishment in construction and engineering, the Greek road program has been large-scale. One indication of the work done is that more than 210 highway bridges have been completely rebuilt, along with all of the viaducts, retaining walls and other technical works required. Not equally as important is the educational reacquaintance which made the program possible.

The Greek Public Works Administration has been completely reorganized. American advisors played particular emphasis on reconstruction, operation, maintenance, traffic safety, accounting, and testing and controlling materials. Greek personnel received training through lectures, conferences, special courses, and the use of motion picture training films.

Within the Greek Ministry of Public Works, a separate and independent Highway Department has been organized with directors each responsible for such functions as administration, engineering construction, and soil treatment. This organization is still in progress. Standard plans, specifications, contract documents and instructions to bid, modeled on criteria established by the American Association of State Highway Officials, have been developed by the Public Works Department of the Ministry. Uniformity in design leads for bridges, roads and airfields also has been established along with a "unit price" system of bidding.

The Construction Department, for the first time in history, is now receiving extremely accurate and timely progress reports from the men who supervise highway construction work in the field. Maintenance men are permanently stationed in highway districts throughout Greece, and safety inspections are constantly in the field. Highway contractors are required to carry public liability, property damage and employee insurance. Uniform traffic signs, conforming with international usage, have been designed and erected throughout the country. Highway structural crashes, imported from the U.S., has painted marker lines and curbing marks on most trunk highways.

All these things are improvements. With the general change in administrative machinery in the Ministry, such reforms are considered by American advisors as perhaps eventually far more important to the future of the Greek highway system than even the physical construction accomplished with American money, materials and technical advice.

RAILROADS. In 1942 began, every main rail line in Greece was operating.

This left certain things to be desired. One point that irked both Greeks and Americans, but which was to be blamed on the various nations who had participated in building the original Greek railway system, was that there were three different gauges of track, and three different types of equipment, and an enormous amount of loading and unloading of goods and passengers. Another point for Greek engineering was that many roadbeds were primitive. Rails included every length from two meters to full size. Trains bumped and grunted and shuffled about in odd, narrow loops, and on some branch lines passengers never quite succeeded in anticipating the lurches.

But all the same, here was a major miracle. For when the war ended there was no railroad system in Greece. Out of 2,478 kilometers of trackage in Greece, all but 670 kilometers was damaged. The locomotives, passenger cars, and freight cars were either destroyed or ailing, with only 767 serviceable units of rolling stock left in Greece. Many had been pulled across into Bulgaria where they still run. Others were blown up, or shoved off into deep gorges or into the Corinth Canal. Nearly a billion or more on the major lines had been destroyed. The bridges were blown up and the tunnels blown in.

In the 1940's, the 14 main railroad men and 200 Greek engineers took stock of an almost hopeless situation and began setting it aright. First came the problem of restoring the lines, and it was a major engineering job. Greek workmen took lengths of rails that were welded like electric arcs by German-placed engineers, and regarded themselves lucky if they salvaged two or three sections of useful track that could be straightened and laid down.

Bridges were rebuilt. Sooner the "Rail's Bridge", a long span that would be a major engineering achievement in any land, was considered by all Greeks as a symbol. Near Lefka on the main line from Athens to Salonika, it took months to rebuild. It was made finally at the height of the guerrilla war. King Paul and Greek Government dignitaries participated in the dedication. And that morning arrived to mark a turning point. If the Rail's Bridge was

back in operation, the war was as good as won, reconstruction was well started, and Greece's 9 million had survived. That was what the Greek people felt. Nothing that happened afterward ever really shook their confidence.

But the devoted men who worked to rehabilitate the Greek rail lines in this period did not sit idly by. It was frantic work. The 1,400 Greek workers and American technical personnel working in the Greek section, rebuilding two tunnels and four large bridges, were provided by 1,400 soldiers at the Greek Army. Barbed wire entanglements surrounded the four work camps in the zone. Antiaircraft rifles were planted outside the wire. No one was allowed outside the compound after dark.

Despite these strong precautions, the Communist threat was also present. Guerrillas mounted independence or counterattacks and broadcast threats to kill those who worked for the "Prolet Greek Government" and the "Imperialistic Americans." Guerrillas dared them to agitate the lives of their families, and the worst area had to be searched daily for spies. Despite this hovering with, lasted for 18 months, the Greek workers stayed on the job and there was never any shortage of labor.

In all, the Communist battles cost over and killed hundreds of Greek workers. The toll eventually included 340 men killed, 80 wounded for life, 422 wounded and four others who simply disappeared without a trace. Such casualties would be considered heavy for a full division in active combat. Most of these casualties were sustained in central and northern Greece, but many also occurred in the Peloponnese.

Far to the north-east, along the Turkish border area disorganized, heavy military operations took place against the railroaders. The battles attacked passenger trains with machine and automatic weapons. In one such engagement, in mid-1948, the Communists destroyed a locomotive, derailed the train with gasoline, and gained 14. An engine, a work train, 200 soldiers and several passengers were killed. The incident was typical.

A year later in the same area, artillery fire from across the Bulgarian frontier destroyed a large bridge. Two cars were killed and three were wounded seriously in the attack. The RRT personnel kept up their work under continual shelling, and repaired the bridge.

Later in 1948, with the guerrilla war fast finished, the first train in six years made the two thousand to Colombia. More, in essence only, is an account of what that accomplishment meant. It required rebuilding 340 bridges, five tunnels, some of which had to be relocated, were opened up, and 800 kilometers of track were relaid. The task also required replacement of 800 kilometers of telecommunication, 10 signal points, 27 water stations and 17 other buildings of various types. That is one indication of the Greek railroad men's accomplishment. It fails to include the many subverts, retaining walls and incidental engineering work which were required. And it leaves out of the accounting the lives it cost, or the daily harvest of the men who made it possible.

Somewhere, the railroad men of Greece had begun the heavy task of reconstructing and replacing Greek rolling stock. Broken-down shells of freight cars were loaded to ships in Athens and Valencia. It stops all that could be salvaged and on rails and a pile of wheels, rusted from long inactivity in the sun. It was at least a starting point. Lacking in high-level rail yards and roofless shells of passenger cars, which other workmen were trying to rebuild, Greek workers put together new cars from the pieces at the old. Sometimes salvaged parts from three or four locomotives were required to put together one that worked.

Limous was reconstruction, and track men on air with France, played a large part in rehabilitating Greek rolling stock. From Limous passenger cars, freight and passenger cars, locomotive engines and gathering diesel locomotives which backed their way along to rebuild lines. And as the lives were rebuilt, the Greek Government gathered up the scrap metal along the right-of-way, and shipped it off



to the Italian factories that were making the new equipment. It was part of the Greek-Italian reparations agreement that Greece would furnish the scrap and Italy would fabricate it into usable equipment.

By 1952, the main job had been accomplished. With opening of the last branch line from Salamina to Florina in northwest Greece, and with resumption of the nation's most famous rail asset, the Rhodan-Orient express from Athens to Paris, the rail network was back in operating condition. True, came the second job, rebuilding those parts of the line that had been haphazardly thrown together as a matter of national emergency.

In 1952 began, track crews were busy throughout all Greece, taking up old patchwork rails and replacing them with bright new steel ties and rails from Belgium and other European nations, purchased through Marshall Plan agreements within the European Payments Union. Roadbeds were being re-engineered, and signal systems were being overhauled. Trains that had been repaired in emergency were finally getting new linings of concrete and stone. Bridges and culverts were being strengthened and gauged out, and the rail crews who had built them two years before were finally getting around to installing proud ornamental plaques on the structures, relating their achievements. Throughout the nation, rail movement of goods and passengers was approaching pre-war levels, and wheat, rice, tobacco and other basic commodities were moving on schedule among the major cities.

The Greek railroads, including EKE, running from Athens north; SPAP, south through the Peloponnese, and the Franco-Hellenic Railways in Thessaly, still operated on a deficit basis, and this fact lifted Americans and Greeks alike as 1952 began. The deficit was shrinking as business returned, but operating costs also were continuing to rise. It was in this field of administrative operation of the railroads that Americans felt the next big reconstruction battle lay in the field of transportation. As in other countries, bus and truck operation was taking a larger and larger share of passenger and freight traffic. Labor costs had risen, along with the costs of fuel and equipment.

But the rebuilding task was largely accomplished, except for replacement of rolling stock. Operating schedules, previously only vague targets for train crews to shoot at, were being met more and more often by Greek trains. Even freight trains arrived within reason. The Construction Division in the American Mission was virtually out of the railroad business, its main task accomplished. The Industry and Transportation division took over the next big task, that of helping the Greek Government to operate its rail lines as a self-sustaining basis.

# PRESS RELEASE

## MUTUAL SECURITY AGENCY Special Mission to Greece for Economic Cooperation

MIA Information Division, Room 322 - Foreign Division, ATTENTION, Greece. - Telephone: 26-56, Extension 322 and 327  
Not released through facilities of the UNITED STATES INFORMATION SERVICE, American Mission, Athens

22 March, 1948  
(Per Sunday Press)

No. 1204

### NEARLY HALF OF AMERICAN COUNTERPART AID WENT INTO GREEK SOCIAL WELFARE

ATHENS -- Following is the fourth in a series of weekly articles dealing up American AID achievements in Greece from World War II to the beginning of 1948. The series covers most of the sectors in which the United States has tried to assist Greece. This article concerns social welfare, housing and care of refugees.

\* \* \* \* \*

During the guerrilla war, and for nearly two years of the Marshall Plan thereafter, a major part of the American AID effort was devoted to the basic problem of keeping Greeks alive. At one time, about 80% of the U.S. aid funds to Greece were going in the form of food, clothing and other necessities to sustain the population. Indeed, out of 4,500 billion drachmas spent in counterpart funds on recovery projects within Greece--up to 1944, 2,000 billions, or nearly half, went into the care and feeding of refugees.

The wheat, milk, clothing and other consumer items imported during this period have long since vanished down Greek throats or have been worn out on Greek backs. Of such things, little remains, and Americans and Greeks may tend to forget this period because so few tangible evidences survive. But thoughtful Greeks and Americans who shared the desperate days of civil war remember some harrowing passages. And to the discerning eye, there is plenty of evidence of wheat, milk, clothing and coal.

There is the solid and indisputable fact that Greece, the totalitarian, political, philosophical and religious cradle of western civilization, is still with the West, although in 1947 the majority of western commentators reluctantly conceded her loss. There is the equally solid and indisputable existence of the Greek armed forces as a number of ELAS, with 100,000 been and well-trained men standing ready for duty, and a total force of 500,000 battle-trained veterans able to take the field within a week.

In fact, Greek military manpower leads all the free nations in proportion to population, slightly in advance of the United States and well ahead of the other countries in Europe. Here are the comparative figures on the number of men under arms in Greece, per thousand population, as compared with other NATO nations, on June 30, 1946.

Greece	21.6
United States	11.1
France	17.6
United Kingdom	15.7
Netherlands & Norway	9.5
All-European average	12.4

The foreigner who knows Greece can see other tangible signs that reflect the days when American aid was wheat, milk, clothing and coal. He sees the broad grin of the Greek countryside as he made his plough in a village which a few

[illegible][illegible]

Brown is still a paradise of opores. In per capita income and in natural resources it is the poorest of the Marshall Pina Village of nations. Poverty is the rule rather than the exception. In many villages and in crowded working class neighborhoods in the cities, housing is inadequate even yet. There is far more illness than there should be. The margin of existence is sometimes very small, and in some areas there is actual hunger during the winter.

Acknowledging all these things, Greek and foreigner alike need only turn their thoughts back to the truly desperate days to realize the enormous charges that have been wrought in five years, and to see that the American aid which went directly into the hands of the Greek people was the very margin of their survival. Here was the situation in 1947, when American aid became

EXPOSURE. Hundreds of villages had been destroyed during the occupation, either in military operations or in savage reprisals against resistance fighters. In fact, when Foreign personnel came to Greece after the liberation and learned the details of destruction and tried to write the story, they found they could not describe any specific village in the way and style person "the Legion of Greece." There were too many other villages who would have challenged the distinction.

But now, in 1947, the situation had become immeasurably worse. Internal war had been succeeded by internal communist rebellion, and the systematic destruction of some three villages which had survived the East occupation. Measures, looting and destruction had driven more than a fourth of the population from their villages into "security centers" -- the larger cities which could be adequately protected by loyal troops, and where they were forced to endure confinement until the hostilities were finished and they could go back home.

What was life like for these people? They knew that behind them their homes had been destroyed by the communists. They had little hope for the future. And the present was extremely bleak. A bread or flour ration of 15 ounces daily was their lot, and shelter left much to be desired. Lucky refugees crammed their families into barracks, draughty one-room shelters, or rooms which they shared with the homeless. Others lived as best they could, in abandoned warehouses, requisitioned schoolrooms and other public structures, or in huts. As many as 800 persons were crammed into one six-room schoolhouse, with blankets on partitions between families. All slept on floors. Less fortunate families lived winter and summer in subways, under bridges, or in holes dug in the open fields.

The military situation grew even worse during the very harsh winter of 1944-45, with the seeping and destruction of such major population centers as Baranov, Khabarovsk and Turaevsk. The misery and insecurity of the population increased steadily until an all-time high was reached at the beginning of 1945, when 224,000 persons huddled in the security centers, entirely dependent for existence on the Great State and American Aid. Added to these were 60,000 more persons who along to their devastated villages rather than live in the security centers, but who were also almost entirely dependent on charity for the necessities of life. And this was still only part of the problem, for there were all

the other persons throughout Greece who needed help in various ways, the blind, the dependent children, the pensioners, the urban poor. Including everyone, about 1,500,000 persons, a third of the population, were partly or wholly dependent on state aid. The drain on the Greek Treasury was enormous, with about \$80,000,000, or 22 per cent of the total civil costs of government, being spent annually to sustain these people. Most of this money came from American aid counterpart funds. The remainder also came indirectly from American assistance in various ways. The regular Greek budget, it created a heavy annual deficit which the American funds made good.

Americans, even the ones helping the Greeks in this situation, had a difficult time comprehending its magnitude. They tried to put it into American terms. They remembered that at the depths of the depression in the bad winter of 1932-34, about 20,000,000 Americans had been on relief rolls, receiving State aid. But the situation in Greece was equivalent to 20,000,000 Americans on relief, of whom 12,500,000 would not even possess shelter but would be huddled in central camps.

REORGANIZING. The tide of war turned early in 1949. The reorganized Greek army, equipped and advised by Americans, invaded heavily fortified strongholds and cleared more and more territory from the communist forces. About 10,000 refugees drifted home that summer. In October, the loyal forces wiped out rebellion in Greece by driving the last remnants of the guerrilla forces across the Albanian border after the heavy battles of Grammos and Vitsel. And so, next spring, began an exile which has never been adequately described, a population migration with few parallels, as three-quarters of a million people went back to the land.

The entire resources of the nation were mobilized to bring these people back to their villages. The various Greek ministries vied with each other to provide help. The army supplied trucks, and the Greek Navy turned over its landing ships so that whole coastal villages could be reestablished. A significant part of each movement was a group of villagers carrying guns, the local unit of MIA or the National Defense Corps, charged with guarding their villages against any communist resurgence, even as early pioneer villages in the American West were expected to provide their own defense against the Indians.

The usual group of villagers, huddled home finally after months or years in the security centers, returned to a home that had been turned to the ground. Fields lay fallow. Fruitless olive, and/or fruit trees had been chopped up for communist bonfires. The flocks of sheep, goats and other animals had vanished down communist gullies or had been driven across the border. Even draft animals, the donkeys, horses and oxen that meant livelihood, had been worked to death or stolen by guerrilla forces. The returning farmers carried only the clothes on their backs, such furniture as they managed to salvage or buy or borrow from relatives, a skimpy supply of rationed, and a pitiful assortment of personal belongings.

State assistance, backed by American funds, was able to provide some necessities. The daily minimum flour ration was continued. Each returning refugee was allotted 40,000 drachmas (\$4) in cash for a two month period, supplemented by a family resettlement allowance of 300,000 drachmas (\$30.25) for families of three or fewer persons, or 500,000 drachmas (\$50) for larger families. To the foreigners such sums may seem insignificant, but they were all the Greek Government could afford considering the severity of the problem, and to the starved and frugal Greek villagers they represented the difference between starvation and survival.

WORK RELIEF. Various other forms of help were concentrated in the refugee villages to help the people rebuild their lives. For instance, these villages received first priority in a number of programs carried on by the Ministry of

B

Agriculture, such as the allocation of imported mules, ploughs and other farm tools, seeds and fertilizers. But one of the most effective means of helping them was a nation-wide work relief program in which the State, faced with the necessity of providing such assistance anyway, also reaped benefits in terms of useful projects constructed.

The program had already begun during the time the refugees were in assembly centers, to keep them occupied, to bolster their morale, to provide for their needs, and to construct or repair urgently needed public works. It was continued in the villages. By the end of 1940, 1,144 projects had been approved, of which 184 had been completed in the previous six months, and the average number of workers employed was about 25,000. In all, more than 1,000 communities had benefited under this program through 1941.

In most cases, the projects began as local initiatives. Once they are approved, the people themselves go ahead with the work, furnishing their own tools and local materials wherever possible. These works include airfields, docks, dams and water systems, irrigation and drainage works, and many new streets and roads. In many cases, the small daily wages paid on such projects represent the only cash income earned by many families who consume or barter the produce of their fields and fields.

However, the most pressing problem of reconstruction, more immediate even than getting the fallen fields back into production, was the elementary need of shelter. The shacks were numerous and so was the problem. Of about 10,000 inhabited villages throughout the nation, nearly half had suffered damage, and in many the destruction was nearly complete. The inhabitants had returned to most of these villages during 1940, but unless they had roofs over their heads before winter, it was obvious that great numbers would be forced to return to the refugee centers, or descend on masses on the overcrowded cities.

The quickest and probably most efficient means of rehousing these villagers was for the State to assume entire responsibility and to employ contractors to rebuild the shattered houses. But the estimates submitted by private contractors added up to enormous cost, far beyond the total capacity of the Greek budget. Materials for such a program also were in short supply throughout the world and especially in Greece. And all the leading contractors in Greece could not have completed the task in time.

The answer was a "self-shelter" program whereby the villagers were furnished with building materials, such as lumber, cement and plaster, small sums of cash, and were left to their own devices. This answer was far from satisfactory because Balkan peoples, unlike nations further west, have never cultivated the tradition that each farmer is a "jack of all trades" knowing the rudiments of such crafts as carpentry, mason work, plumbing, electrical installation and mechanics. In most Greek villages only the local carpenter or mason knows anything about building. The American Mission had started programs, during the long idle months in the refugee camps, which taught many villagers something of these crafts, and these programs were continued. They helped considerably, but the real answer was provided by these same village carpenters and masons who did the best they could and who tried to instruct their fellow-villagers in helping them with the rough work, while they themselves concentrated on the finer points of skill.

The results exceeded the most optimistic anticipation of either Greek or American authorities. By winter of 1940, virtually every returned village of Greece was under some kind of shelter, each family occupied single rooms. The work often left much to be desired. But almost none of the refugees returned to the centers. However poor their accommodations, they could stick it out until spring.

much of the work, of course, was the product of systematic Government planning and contracting apart from the "aid-shelter" plan. With substantial financial assistance from American Aid funds, 15,000 housing units already had been produced in 300 villages during the period of the Trojan Position. In the first year of the Marshall Plan, housing was built or restored for 24,000 more Greek families at an average cost of \$400 per unit.

New "nuclear" housing units, averaging a room and a half, and designed so they could be expanded later, were built in many parts of Greece. By 1951, more than 25,000 of these units had been completed and nearly 12,000 more still under construction. In addition, about 124,000 damaged houses had been repaired in rural areas, with another 26,000 under repair. In urban areas, nearly 2,000 dwellings were complete and 375 more were under construction, and about 10,000 damaged houses were repaired, with 4,000 more still in process.

An inescapable phase of the village reconstruction program was the rebuilding of schools, which the average Greek feels is usually as important to his family welfare as shelter itself. With American aid, 244 new school rooms were completed as under construction, more than 7,000 others were repaired, and 129,000 school desks were built, many of them by vocational schools.

**WELFARE ADMINISTRATION.** During most of the period prior to 1945, the American Mission THROUGHOUT had coordinated all the relief, housing and welfare efforts through a division of social welfare, which at its height included six American specialists and a Greek staff. This division was responsible for helping the Greeks to plan programs of refugee care, education, and such regular social welfare responsibilities as orphanage, dependent children, and other underprivileged persons such as the ill, aged, physically handicapped, or abandoned.

The Mission welfare specialists also advised the Greek Government on organizational and administrative techniques, training of staff, and civil and military pension procedures, and also on the work relief program.

Another field in which the Greek Government was making a start in 1945, at recommendation of the Mission, was a balanced, conservative program of assistance to needy people in both war areas, whereby small grants of both repaired shacks and loans of food flour. The only people affected were those in the deepest need, about a quarter of one million of 400,000 drachmas (\$30) a family of four could make them ineligible for help. But persons in really desperate condition benefited from the program, and a beginning has been made in a social welfare program which eventually may compare favorably to the most progressive legislation of the West.

**FROM SOCIAL WELFARE TO 1952.** With the advent of the United Security Agency program under which American Aid funds were channeled into projects housing directly on the joint defense effort, the social welfare division of the American Mission went out of existence. The entire program, financing as well as administrative direction and planning, rested almost entirely on the Greek Government and the general budget. The amount of American funds that could be devoted to housing and general welfare programs was limited, and the only prospect of increasing welfare funds would be through greater efficiency and economy in other portions of the budget.

Much remains to be done. Many more new or repaired dwelling units still are needed to provide decent minimum housing standards, particularly in the rural areas. Administrative reorganization of Greek agencies is still not complete, and drastic revision in housing finance policy should be accomplished. Institutional care, although given with great kindness and good will, still falls short of modern standards. As in the United States and other western countries, certain parts of the social welfare program which have strong

. R

No. 1808

emotional appeal, such as aid to children, are favored at the expense of other needs which may not be as dramatic but are just as important.

The list of social welfare needs still to be met is an impressive one, but it cannot obscure the tremendous achievements already accomplished. To Greeks and Americans alike who remember the difficult days of civil war, the story of wheat, milk, clothing and coal, and of the untiring efforts to aid the rural people of Greece, still constitutes one of the most dramatic and important chapters in the history of American aid to the free world.

\* \* \* \* rps \* \* \*

# PRESS RELEASE

## MUTUAL SECURITY AGENCY Special Mission to Greece for Economic Cooperation

ALA Information Division, Room 322 - Executive Building, ATHENS, Greece. - (Telephone: 22-77) Information 224 and 225  
Rebroaded through facilities of the UNITED STATES INFORMATION SERVICE, American Mission, ATHENS

No. 1810

29 March, 1952  
(For Daily Press)

### RECONSTRUCTION OF GREEK PORTS AND CIVIL AVIATION IN PROGRESS

ATHENS -- Following is the fifth in a series of weekly articles running up American aid achievements in Greece from World War II to the beginning of 1952. The series covers most of the actions in which the United States has failed to assist Greece. This article concerns reconstruction of ports, aerial mapping, and civil aviation.

\* \* \* \* \*

The ports of Greece were in wreckage at the end of World War II. The German forces had plenty of time for destruction before they withdrew, and they made the most of the opportunity. Greek and foreign engineers, facing the job of restoring the ports, often voiced professional -- if reluctant -- admiration of the thoroughness with which miles of breakwaters, quay walls and other harbor installations were converted with dynamite into a twisted, heaped mass.

But the German destruction was only part of the story. Many of the main ports had already incurred heavy damage from the bombing fleets of both the Axis and the Allies. As war raged across Greece, the harbors of Piraeus, Syros, Corfu, Patras, Salamina and Rhodes were hit heavily from the air by Italian, British, American and German warplanes. In some instances the best demolition experts only completed a job already largely done.

Heavy dynamite and "friendly" bombs alike set the stage for the third phase of destruction, this time by Greece's oldest enemy and friend, the sea. With protesting breakwaters destroyed, bad weather and heavy waves could work their will on previously protected quays and inner harbors, and long after the Germans left, damage to Greek port installations continued as winter followed winter.

Under the Truman doctrine, the AECID engineers reconstructed their efforts on reconstructing the three main ports of Salamina, Piraeus and Valos, so that Greece could receive the supplies urgently needed for survival of her people and prosecution of the civil war. The fourth major job undertaken in this period was the restoration of the Corinth canal, the basic coastal shipping link between western and eastern Greece.

Working with an American contractor, the American army engineers supervised construction of 2,022 linear meters of quay wall with pre-cast concrete blocks at Piraeus, Athens' port. Drydocks were repaired. Heavy machine ships and tons of other floats were removed from strategic channels which had been blocked. Millions of dollars were spent for heavy cranes and other large port equipment. Warehouses were restored, as was the great Piraeus grain silo, largest in Greece, which was reequipped with modern pneumatic unloading equipment and conveyor systems which could "suck" a large grain ship empty in a matter of hours, whereas human shovellers labor would require many days.

At Salamina, 640 linear meters of quay wall and 674 meters of breakwater were rebuilt, and 4,600 tons of wreckage were removed from the harbor. At Valos,

FILE

m



were than 400 linear meters of quay wall was constructed and 40 meters of breakwater repaired.

But as a pure engineering achievement, the clearing of the Corinth canal seemed to rank higher in public opinion than perhaps any other single recovery project in Greece. Greeks followed the progress avidly in their newspapers, as did the people of Europe and America, and in 1950 the Corinth canal project was acclaimed among the 10 outstanding achievements of the Marshall Plan among all the free nations.

Psychologically, the Corinth canal was a symbol quickly comprehended by the devastated postwar world. Here was a channel, a highway, an artery of trade -- and it was blocked completely. As modern engineering genius went to work on the project, and reports of progress were made, it seemed to typify in many men's minds the whole recovery effort in a war-torn continent.

Historically, the canal was famous. When St. Paul preached, the Corinthians had a thriving business of hauling galleys, on greased wooden skids, across the isthmus that separated the Greek mainland from the Peloponnese. For centuries the canal had been a dream until its completion in the 19th century.

Practically, the canal was superb. A narrow half-cut across the low hills of the isthmus, spanned only by a highway bridge and a steel railway bridge, it skirted 22 meters deep to the water level and constituted one of the most impressive gorges ever carved by man. Blocked by two great landslides when the Germans blew it in, with its bridges destroyed and the main channel choked with debris ships, six locomotives and 130 railway cars, it represented a formidable reconstruction problem, but one which photographers took joy in recording.

The harbor reconstruction program, and the Corinth canal, were begun by the AMIG engineers and continued by the Greek Ministry of Public Works with Marshall Plan advice and funds. As the recovery program proceeded, many other ports in Greece benefited from American aid funds. Corfu, which before the war was the fourth most important port in Greece, was rebuilt. Extensive work was accomplished at such mainland ports as Monastiraki, Igoumenitsa, Davleia, Ioannina, Nauplion, Patras, and Preveza. And on the islands, where ports represent the very lifeblood of the people, harbor and breakwater improvements were accomplished at nearly all major islands, including Lefkas, Tinos, Syros, Mytilini, Lesos, Salamina, Naxos, Paros, Mykonos, Zakynthos, Cephalonia, Ithaca, Chios, Samos, Anafros, Ios, on Rhodos, Paros, Milos, Santorini, Limnos, and Hydra. On Crete, four of the main ports were assisted, Heraklion, Suda Bay, Agios Sotiri on the south coast, and St. Nicholas.

As 1951 ended, port facilities in many parts of Greece not only had been restored but were ahead of the prewar level.

**AERIAL MAPPING.** A project which has been invaluable in planning major reconstruction programs throughout Greece is that of the Phototopographic Service in the Greek Ministry of Public Works. This organization, financed by U.S. aid funds and with technical supervision from American specialists, has been engaged since early 1950 in mapping large areas of Greece with the aid of aerial photography.

The Greek Phototopographic Service is one of the oldest and best in the world, but much of its previous work was nullified in 1944 when the Nazis destroyed master plates of the maps of Greece. Good maps are essential to reconstruction, but remapping the country by ground methods would have taken decades, aerial mapping accomplishes the job in a small fraction of the time and cost.

The photographs are taken from an airplane flying at 150 to 200 miles an hour while large automatic mapping cameras make about 200 exposures an hour. After development, the photos are superimposed on each other, and are trimmed and adjusted to eliminate distortions. The resulting mosaic is then rephotographed by large copying cameras. Using complicated and expensive machines, skilled operators create the actual maps from diapositives produced from the aerial negatives.

Up to 1952, about a third of the mainland area of Greece had been photographed from the air, and maps and been produced of about half this area. Virtually all these maps concerned specific recovery projects, such as the national electrification program, land reclamation projects, mining surveys of inaccessible areas, and detailed terrain studies of sites for harbors, highways, and dams. Complete and systematic resurveying of all Greece must await the future, since the Phototopographic Service has concentrated on those areas where economic recovery projects are being planned or in progress.

Through 1951, this aerial mapping project received about \$244,000 in foreign exchange from American aid funds, and 7,700,000,000 drachmas (about \$160,000) in counterpart funds. The resulting work constitutes a permanent benefit to Greece.

**AVIATION.** Civil aviation in Greece was a child of the guerrilla war. Before World War II, commercial aviation was represented by a few biplanes flying between Athens and Salonika, and various short-line telephone enterprises, Italian, Greek, French, Polish, which collapsed under their deficits. During the occupation, the Germans and Italians put in much work at creating and maintaining fighter and bomber bases in selected areas, work which was continued afterward by the British. But in 1947, when the communist war began in earnest, aviation was still in a primitive state in most parts of Greece.

Greek and American observers concede today that the present advanced condition of civil aviation in Greece is largely the work of the communists -- not intentionally but in fact. For with railroads wiped out, ports smashed, and highways interdicted by the bandits, Greeks had no choice but to take to the air. High above communist rifle fire, ignoring roadblocks and artillery, civilians and military passengers flew to all parts of Greece, so fast as Greek and American engineers could underwrite old landing strips and carve out new ones.

By the end of the civil war, Greece was perhaps the most air-minded country in Europe, with more civilfliers per capita than any other nation. To this day one of the most intriguing sights in Greece is that of fluster-moustached old farmers and timid, black-clad village women riding in Greek airplane planes from one part of the country to another. Only 10 years ago, these passengers had only ridden donkeys, and would have been horrified at a ride in an automobile.

The evolution of an efficient modern civil aviation system was a painful process, however, and has not completely solved even yet, although great strides have been made. There were many problems -- governmental, administrative, economic and technical.

The first Greek airlines began operations with three aircraft in 1939. Two more airlines began operation later, offering competing services to the same airports, with duplication of ticket offices, ground and air crews and administrative personnel. They even maintained separate terminals on the same airfields. Only one of them, T.A.E., operated even briefly at a profit, during 1947 and 1948. The others, A.M.E. and E.M.A.E. were continuously in the red.

After long and difficult negotiations, the three lines were finally amalgamated in 1951, into one Greek National Airline, T.A.E. Ownership is by

# MUTUAL SECURITY AGENCY

## Special Mission to Greece for Economic Cooperation

U.S. Information Division, Room 502 - Tomlinson Building, 4000th, Kansas - Telephone 2-16-16, Telegrams 664 and 672

Reproduced through courtesy of the UNITED STATES INFORMATION SERVICE, American Embassy, ATHENS

4th, 1951

18 April, 1951  
(For Evening Press)

### U.S. AID PROGRAMS ASSIST MINING AND TRANSPORTATION IN GREECE

ATHENS -- Following is the seventh in a series of weekly articles appearing in American aid achievements in Greece from the end of World War II to the beginning of 1951. The series covers most sectors in which the U.S. has tried to assist Greece. This article concerns mining and transportation.

\* \* \*

Despite the fact that only 10% of Greece's life necessities which, if properly developed, can contribute immensely toward national autonomy and eventual prosperity. For although Greece is not rich in natural resources as compared to most other countries, she possesses sufficient natural wealth to meet many of her immediate requirements, to develop her balance of trade, and to assist in the defense needs of her sister nations of the West.

One such resource, virtually untapped until recent years, is lignite. There exists in Greece sufficiently large deposits of this potentially "young" form of coal to make Greece independent of coal which fuel 3 cars and thus save large sums of foreign currencies. Lignite also provides the nation with a major source of electric power. It can also be converted to satisfactory quantities of synthetic petrol if the process machinery, development methods and scientific personnel are employed to extract the almost inexhaustible from the "brown coal" which underlies the north in many parts of Greece.

Another field of potential profit to the nation is that of metal ores and minerals, many of which are now important to the national defense of the NATO powers. Here is a partial list of some of the minerals which geologists have located in commercially practical quantities throughout the nation: asbestos, bauxite, lead-ore, barite, iron pyrites, manganese, chrome, copper-ore, gold, silver, iron, sulphur, molybdenum and antimony. Many of these rank high on the national list of strategic materials which are in short supply throughout the free world and which the western nations are seeking to stockpile against emergencies.

During the first days of the Truman Doctrine, the American Congress recognized that development of Greek mineral resources was indispensable to any broad economic program whereby Greece might eventually become self-sustaining. Thus the Mutual Security began an extensive mining program which subsequently was carried forward and expanded under the Marshall Plan. By the end of 1951, over \$10,000,000 in foreign exchange and more than 100 million American (equivalent to \$10,000,000) had been allocated to Greek mining enterprises from American aid funds.

Most mining operations in Greece had come to a standstill during World War II. These interrupted while the country was unable to obtain machinery, lack credit, and security from the activities of war. This situation continued during the Communist war, when guerrilla forces attacked the mountainous areas where most mines are located. Some mines, particularly in Macedonia and Thrace, were deliberately wrecked as a last gesture of spite by the retreating communists.

Progress under the American aid program was momentarily slow, not only because the guerrilla war continued heavily through 1949, but also because the purchase, construction, shipping and installation of heavy mining machinery actually required many months. But the results, when they came were spectacular. When production finally began to increase, it went on fast.

2  
LL

**GEOLOGICAL SURVEY AND RECONSTRUCTION.** One of the basic work items in the development of Greek mineral resources was the organization, within the Greek Government, of a geological and surface research program to study the most important mining districts and to produce a basic geological map of Greece. American advisors helped the Greeks to coordinate these research activities and by early 1941, the Greek Government had ready to publish the first fully accurate and comprehensive geological map ever produced in Greece. Many detailed topographic and mineralogical studies of individual areas or of particular minerals had been printed.

The job was partly that of pulling together and correlating various fragmentary studies and, before the war by Greek and foreign specialists. But in addition, test drillings and other subsurface explorations using geophysical equipment and techniques newly developed in the U.S. were made to verify and expand these studies findings. In some areas these explorations failed to confirm the estimates of ore reserves, in that the mineral deposits were found to be too small in quantity, too poor in quality or too badly broken up to mine under profitable conditions. These simulations, while disappointing, had the important effect. They prevented undue investment and consequent loss of money by Greek private interests, and they also provided accurate data on some deposits which, while not immediately worth development, might be profitable in a few years should strategic minerals become and prices shoot resulted.

But in many of the areas explored, the geologists found that the deposits far exceeded the earlier estimates both in quantity and quality. This was particularly true of lignite and of bauxite, the ore from which aluminum is made.

**LOAN OF FUNDS.** The American Finance program to aid Greek mining went forward in the form of advances of loans and grants to develop known existing deposits. One was the regular Marshall Plan type of loan studies to the financial help granted to private industrial and commercial enterprises. Some the deposits had been investigated and found worth developing, the loans could apply for a Marshall Plan loan. These loans were on a long-term basis at low interest rates.

Most of these loans, which were partly in foreign currencies to enable the purchase of mining machinery from abroad, and partly in Marshall Plan counterpart dollars for local development and construction costs, also provided that the borrower must furnish at least a third of the total amount from his own resources.

The other category of loans did not come out of the Greek recovery program at all, but entirely from United States funds apart from regular Greek aid. These were the "strategic material" loans established by the U.S. Congress to help develop and secure the supplies of critically scarce materials for the U.S. economy, and essential to the defense needs of the West. These loans provided that all of the investment would be repaid out in money but in equal deliveries of processed or semi-processed ores at regular pre-arranged prices. The dollar funds came from appropriations separate from the Marshall Plan. The necessary drawings were provided out of "five per cent counterpart funds." Under the basic Marshall Plan agreement with Greece, 50 per cent of the "counterpart funds" as drawings set aside by the Greek Government to match dollar aid to Greece -- were reserved for internal recovery projects. The remaining five per cent was contributed to the credit of the U.S. Government, to pay local administrative costs of the American mission in Greece, and to purchase strategic materials. Since loans of this type, totaling less than \$1,000,000 in foreign exchange and dollars, had been approved through 1941, so about 15 per cent of the total American aid in all types of Greek mining reorganization. These loans were made to Ionian, Aegean and Macedonia producers and additional loans were to process to develop chrome, manganese and lead-zinc deposits.

**MINERAL DEVELOPMENT.** The American aid program failed to show significant results in mining production up to 1946, when Greek mines were just beginning to be restarted. Meanwhile such machinery had been ordered and installed in all parts of Greece. When this machinery began operation, the results were startling. Production during 1946 was more than double that of 1945. In fact, output of the 14 most basic minerals during 1946 was two and a third times that of the previous year.

11. B

Here are comparative figures during 1960, total Greek production was 113,000 metric tons, and exports amounted to nearly 307,000 tons valued at \$2,182,000. In 1961, production was more than 100,000 tons, with export of 474,000 tons valued at \$4,100,000. Mining advisors freely prophesied that this production could be doubled again within another three years, if the present rate continued.

One dramatic instance of this upsurge of production, with particular appeal to the Greek people who are ever conscious of their ancient heritage, was the revival of the famous Laurium mines at Lavrion. In the fifth century B.C., they were described by the tragedian, Aeschylus, as "a fountain vomiting silver, a treasure of the bees." They were the foundation of Athens' power in the greatest days. Their apparently inexhaustible resources of virgin silver financed countless fleets of the Parthenon, built the Athenian navy that chased the ships of Persia, and finally sustained Athens' dominance even less poorer slave states. When the Laurium mines declined, so fell Athens. The last coin silver mines gave out about 400 B.C.

The Laurium mines were revived in the fifth century when Greek and French companies worked over the old dumps and began new efforts to exploit the workings not too alien yet for the land and also area which the ancient Greeks had fortified. But development was stilled until the Marshall Plan advanced more than \$1,000,000 in foreign exchange and technical aid to develop the area systematically. By the end of 1960, the mines were processing 600 tons of ore a day, extracting lead and zinc concentrates with valuable by-products of silver and iron pyrites, which are used in the manufacture of sulphuric acid.

Another example of the mining program is the development of the rich bauxite deposits at Eleonida, near Athens. The Mutual Security Agency agreed to advance \$1,400,000 in American, French and German cooperation, under the strategic metals program and apart from the regular recovery plans. The agreement provides for maintaining and equipping the Eleonida mines and bringing the area to Germany fit processing into aluminum. The result will be 100,000 tons of aluminum for western deficit within the next three years, a substantial asset to the national economy, and a future foreign exchange earner.

DEVELOPMENT OF FUEL RESOURCES. Along with the mineral expansion program, the American Warline has pushed development of Great lignite resources, at a rate designed to increase production 30-fold. By substitution of this "brown coal" for a part of the fuel now being imported, Greece can save more than \$1,000,000 a year in foreign exchange, can ensure the continuity of her industrial production, and can lessen the drain on the fuel resources of other NATO powers. The use also provides great reservoir of electric power and can increase domestic use for many Greek towns which now are still hampered by the high prices of imported coal.

The American aid program has approved six major lignite development projects, with loans and grants totaling nearly \$21,000,000 in foreign exchange and technical aid. Several involve expansion and modernization of mines in Thessaly and Attika, but the two largest are the Aliveri and Pindamonis deposits. The Aliveri mine on the island of Euboea south of Athens are being developed along with a thermo-electric power plant nearby, and will serve as "captive" mines to supply the power station with fuel.

The Pindamonis project in north central Greece taps vast reserves of low-grade lignite which have been termed the "fuel bin" of the nation. The lignite lies close to the surface and can be mined by open pit methods, with the earth being scraped aside by huge digging machines to expose the lignite. After the lignite has been dug out, the top earth can be replaced and planted with trees. To be fully useful, the Pindamonis lignite must be processed to remove the water content, and pressed into briquettes. Geological estimates that Pindamonis can produce 1,000,000 tons of lignite annually for at least 100 years, which will provide about 800,000 tons of commercially usable briquettes.

SEASIDE TRANSPORTATION. The attraction of the Greek transportation systems at the end of World War II was that nearly all forms were non-mechanical. Coastal shipping had been wiped out and most of the larger coast-going vessels had been

either seaborne or land. Railroads and highways were badly damaged, and water transport was reduced to a few dilapidated wrecks such as in case of England. Both the Truman Doctrine and the Marshall Plan gave top priorities to restoring transportation facilities.

Before the war, Greek shipping totaled nearly 1,600,000 tons, including 800 ocean-going vessels, and a coastal and Mediterranean fleet of 48 larger ships and 744 sailships. In 1949 there remained 126 all-steel ocean ships totaling 602,000 tons.

Even before direct American aid to Greece began, the United States made available to the Greek Government 100 Liberty ships which were sold to Greek operators at an average of \$100,000 apiece, less than a fourth their cost. The Greek shippers paid 25 per cent of the price as a down payment, and the Greek Government guaranteed payment of the remainder within 17 years. This deal not only stimulated Greek shipping but also aided general recovery greatly by providing more tonnage to bring aid supplies to Greece. All these U.S.-made ships are now under Greek flag and thus are paying taxes to the Greek state. However, many ships previously acquired by Greek nationals are registered under Panamanian or other flags, and the total of all Greek flag ships is still nearly a third under the pre-war figure.

Greece is a peninsula with many narrow gulches and thus small coastal shipping is vital to her economy, with about 800 harbors serving as local water (roadway) facilities and many ports handling goods into and out of large cities. Under the Marshall Plan many sailships were built or modernized with U.S.-supplied loans, particularly under the fisheries program. The Ministry also worked with the Greek Government in restoring its ports to ensure all essential supplies which had been taken over, by the Greek state, as a temporary expedient at the end of the war.

Motor Transportation. At the time of liberation, only one or 1,000 motor vehicles in various stages of collapse were left in Greece. By the end of 1949, Greek motor transportation facilities had increased substantially over the pre-war level. The number of buses was 25 per cent higher than in 1940, and trucks increased 150 per cent in the same period. The number of private passenger cars remains about the same as pre-war. Exact up-to-date vehicle registration statistics are lacking, but it is estimated that about 25,000 civilian vehicles are operating now in Greece as compared to about 17,000 before the war. Plans are underway for a complete car registration.

UNRRA brought to Greece about 7,700 vehicles of various types immediately after the war, but nearly half of them were off the roads in Europe within two years. Meanwhile other vehicles had been imported, but most of the automotive stock in Greece was more than 10 years old and none was less than five years old. The Greek Government and the American Economic Corporation undertook programs to build or reconstruct additional vehicles, and to retire from use gradually the oldest and least efficient types.

Two buses and trucks on chassis have been imported by private dealers who obtain licenses approved by the Greek Government, based on allocations of Marshall Plan foreign exchange funds approved by the American Mission. More than half of these imported vehicles came from the U.S. and the balance from Marshall Plan countries. One of the major sources of new buses and trucks has been Greek industry itself. After imported engines and chassis, or stripping down military trucks to the frame, Greek manufacturers built bus bodies at the rate of one a day during the peak period between 1948 and 1951. American body specialists were brought to Greece to assist in this work, and helped Greek factories turn out uniform all steel bodies. Bodies for most of the new buses on the streets of Athens and other cities were made locally. Many other automotive items, including batteries, brakes and other parts, are also now made in Greece.

The automotive parts situation immediately after the war was tragic--many large numbers of vehicles were out of commission for lack of a few vital parts -- and yet warehouses were overflowing with many of the things that were needed. This situation arose when we loaded vast numbers of ships carrying war surplus were ordered to turn around and return to Greece so that UNRRA might distribute these vitally needed supplies to the Greek economy. Some of the large numbers

of United States war surplus material also was gathered up in various parts of Europe and brought to Greece.

But many of the items landed and stored haphazardly in warehouses were rusted, second-hand, unserviceable. To now know what equipment was on hand as where it was, it was a major task for CHIST, the Greek war surplus agency set up by the Greek Ministry of Finance, to handle this equipment. In all, more than 20,000 cases of equipment, tools and spare parts had to be opened, sorted, crated and priced for sale in regular commercial channels throughout Greece. About \$5,000,000 worth of automotive equipment was made available in this way, and the spare part situation eased appreciably.

The country is the situation Greece appeared when the CHIST was begun to sort out the equipment, for not all of it was automotive or mechanical. The ships had carried almost surplus demand for various parts of the world. Thus the CHIST was told when they began sorting items of athletic clothing in many Greece, and other items unsuitable to the area. In fact three years later, when the last CHIST warehouses were being cleared out, there were discovered enough toothbrushes to supply all Greece for years, crates of tennis rackets and other sports equipment originally destined for troop recreation, and many other items which caused Greek newspapers to demand an investigation of how these things came to be.

After the CHIST and war surplus automotive supplies had been absorbed in the Greek market, the Greek Government and American Mission undertook an import program of spare parts, tires and other equipment with two foreign exchange supplied through the Marshall Plans. This program is aimed at maintaining the automotive fleet at a realistic level consistent with conditions in Greece.

Commercial motor transportation in Greece is operated by private enterprise. The immediate postwar policy of the Government was to give priority to granting transportation permits to "non-automotive enterprises". The effect of this policy was to develop a commercial motor transportation system based on operators using only one or two vehicles, so that one there are about 10,000 individual owners in there are vehicles. At the present time efforts are being made to regulate operation of the vehicle fleet through the media of cooperative pools.

During the war years little had been done to train Greek youths in the mechanics and maintenance practices necessary to maintain the national automotive fleet in first-class condition. Therefore the Greek Government and the Mission jointly sponsored an automotive vocational school near Athens. About \$20,000 worth of machinery and tools for the school was shipped from the United States and an American mechanic instructor worked with the Greek teachers in training 120 students annually. Subjects included automobile mechanics, ignition and electrical systems, diesel engines, and regular overhaul and maintenance work. Early in 1948 the curriculum was to be expanded to a four-year course for 1,000 students.

OPERATION OF RAILROADS. With most major reconstruction work completed in the Greek rail lines, and with restoration of American aid funds available for further physical rehabilitation, the American Mission and the Greek Government turned increasing attention toward better organization and operation of the railroads, to ensure a network which not only would serve the economic interests of Greece, but also the military requirements as well.

All the Greek rail lines, most of which are state owned, have been operating at a deficit during post-war years. The reasons were numerous -- shortage of cars and other facilities, poor coordination among the various sections, and increasing use of motor transport to haul freight and passengers formerly carried on the rail lines. Although national Greek industrial output is greater than in 1939, the Greek railroads can haul 25 per cent less tonnage than they did then. Most of this tonnage has been directed to trucks.

Mission advisors therefore were urging the coordination of all public carriers, both road and water, by creation of a high transportation board which could regulate operating franchises, rates, schedules, etc., generally along the lines followed in

No. 1231

the U.S. and many European countries. This coordination of transport is an unfamiliar field in Greece and will require an energetic program by the Greek Government to adjust differences among competing carriers and to convince individual owners that their interests will be served by regulation based on the principle of "public convenience and necessity."

- - - - Rps - - - -